

Bombing Arrests Eased Strain on Police in Belgium

By Steven J. Dryden
International Herald Tribune

BRUSSELS — Belgian police, faced with mounting criticism over their failure to stop a 14-month bombing campaign, have had their first breakthrough with the arrests of four suspected leftist guerrillas.

The four were said to be members of the Fighting Communist Cells, the group that has claimed responsibility for the campaign. Two people have died in 27 attacks by the group on North Atlantic Treaty Organization targets, U.S. military contractors and Belgian business and government offices.

But not all the concern among Belgians about security has been prompted by the law enforcement authorities' failure to stop the Fighting Communist Cells.

In July, the government of Prime Minister Wilfried Martens almost collapsed following a parliamentary report that blamed the Interior Ministry for security lapses at the European Cup Soccer Final in Brussels in May. Thirty-nine people died at the game in clashes between English and Italian fans.

This fall, the public was startled by the reappearance of a gang of supermarket robbers who methodically shot down bystanders during holdups. The gang, which killed 17 people in attacks in September and November, has been linked to several other multiple slayings since 1982.

Police so far have made little apparent progress in finding the members of that gang, whose tactics have led some criminologists to speculate that they are acts of politically motivated terrorism.

The incidents, along with the bomb attacks and a rise in other crime, have left many Belgians fearful that their country's reputation for tranquility is a thing of the past.

"Belgium, which has the highest percentage of cops in the European Community, is today a kind of laboratory of failure in crime-stopping," a national magazine commented recently.

It was in this context that Justice Minister Jean Gol emphasized Tuesday that the capture of Pierre Carrette, a suspected leader of the Fighting Communist Cells, was "not the result of luck" but of good police investigation work.

Mr. Carrette, 33, a former printer and the son of a security services agent, was arrested Monday afternoon in a fast-food restaurant in the southern city of Namur along with three other suspected members of

the group, which is known as the CCC after its French name. All four of the suspects are Belgian.

The authorities said that they found Mr. Carrette by secretly following one of the suspects, Pascale Bandergerde, after she was spotted by police earlier in the day in the nearby city of Charleroi.

Mr. Carrette has been linked by police to the French leftist group Direct Action, as well as to a June 1979 bombing in southern Belgium that nearly hit a car carrying General Alexander M. Haig Jr., then the NATO commander.

Police who followed Miss Bandergerde also were led to an apartment in Charleroi that they described as a hideout of the guerrilla group. They said they found papers in the apartment claiming responsibility for recent attacks, as well as plans for future bombings.

Although Mr. Gol and other Belgian officials expressed satisfaction with the arrest, they indicated that other members of the group were still at large.

The Brussels newspaper *Le Soir* said further attacks were possible since the group is believed to possess a large amount of explosives that were stolen from a quarry south of Brussels last year.

At the beginning of their bombing campaign, the Fighting Communist Cells were cautious in their tactics, planting the explosives in the middle of the night.

But in recent weeks, the guerrillas have walked into downtown banks and business offices during working hours and left the time bombs along with leaflets warning of the impending explosion.

Beleaguered by almost weekly bombings by the group this fall, the government took the unusual step of mobilizing six companies of army commandos to assist the police.

But criminology and terrorism experts say that fundamental changes are needed in the police force.

Police and government officials admit that despite serious outbreaks of terrorism in neighboring countries such as West Germany and Italy in the 1970s, Belgium failed to prepare its security forces to fight that kind of threat.

"Belgians could never believe something like this could happen here," said Christian Lepage, a Brussels police commissioner. "We thought we knew everything."

Mr. Lepage placed part of the blame for police deficiencies on inadequate training and funds. Until 1979, for example, local police forces were not required to send recruits to a training school. Many of them, he said, learned as they worked from older officers.



Windows were shattered at this gas company building on Oct. 8 when a car bomb exploded in Brussels. The Fighting Communist Cells claimed responsibility for the attack.

Church Envoy In Geneva, But Refuses To Say Why

Reuters

GENEVA — Terry Waite, the special envoy from the Church of England who is trying to secure the release of four American hostages held in Lebanon, arrived here Wednesday but refused to comment on the purpose of his visit.

In response to inquiries, Mr. Waite said: "I don't want to speak. I'm not here."

Diplomatic sources said that Mr. Waite, 46, met informally with officials of the International Red Cross during a brief stop in Geneva early this month and that he intended to follow up the talks.

A Red Cross spokeswoman said only that there were no formal plans for a meeting.

Hotel staff said that Mr. Waite, the lay representative of the Most Reverend Robert Runcie, the archbishop of Canterbury, arrived from London. He was due to leave Friday for Lebanon.

Mr. Waite has been negotiating with the kidnappers in Beirut but has not identified them or any group to which they may belong.

He has said he would try to hold talks next with officials from Kuwait, which has jailed 17 Arab guerrillas on bombing charges. Kuwait officials have said they would oppose any deal to free the 17 in return for the Americans' release, and Mr. Waite was denied a Kuwait entry visa last week.

The hostages are Terry A. Anderson, a correspondent of *The Associated Press*; the Reverend Lawrence Martin Jenco, a Roman Catholic priest; David P. Jacobson, director of the American University hospital in Beirut; and Thomas M. Sutherland, the university's acting dean of agriculture.

In Damascus, meanwhile, rival Lebanese militias started joint talks with Syrian leaders in a fresh attempt to break the stalemate over a plan to end Lebanon's civil war.

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WORLD BRIEFS

Cyprus Arrests Armed Man at Airport

LARNACA, Cyprus (Reuters) — A man who tried to board an aircraft with guns and grenades hidden inside wine bottles in his hand luggage was remanded in custody Wednesday for eight days by a Cyprus court.

Police said they were looking for two other men as possible accomplices in what might have been a hijacking attempt. They said they had arrested Sami Ali Maroun Nasr, 26, as he tried to board Swissair Flight 358, which was on a stopover Tuesday during a Zurich to Amman flight. They said he had a Jordanian passport and was believed to be a Palestinian.

The police said the man had three hand grenades, two pistols, a sawed-off shotgun and 91 rounds of ammunition concealed in Chianti bottles that had been sawed off at the base and resealed.

Protests Disrupt Spain's Basque Region

PAMPLONA, Spain (Reuters) — Several demonstrators were injured Wednesday in clashes with the police during widespread protests in northern Spain against the death of a Basque man arrested by the paramilitary Civil Guard, police sources said.

In Navarre province, where the man, Mikel Zabala, 32, was buried, protesters threw gasoline bombs at police, who fired rubber bullets. Several protesters were injured and a policeman suffered burns. Witnesses said a journalist was taken to a hospital after being beaten by police with riot sticks in San Sebastian.

Four persons were detained in Bilbao, where demonstrators set fire to barricades. A general strike brought the province of Guipuzcoa to a standstill and slowed other Basque provinces. Mr. Zabala's body was found in the Bidasoa River 19 days after he disappeared while in custody.

Seoul Tells U.S. Reporter to Leave

SEOUL (AP) — Timothy Elder, a Tokyo-based correspondent for *The Washington Times*, left South Korea on Tuesday after being declared persona non grata and advised by authorities to go quickly.

A South Korean official said that Mr. Elder, 34, had been declared undesirable because of a story he wrote saying that President Chun Doo Hwan of South Korea and President Kim Il Sung of North Korea met secretly on Nov. 9 in the demilitarized zone that divides the peninsula.

South Korean officials in Seoul and Washington have vehemently denied the story, saying it was based on "rumors and speculation." *The Washington Times* is owned by members of the Unification Church, headed by the South Korean evangelist, the Reverend Sun Myung Moon.

Kaunda Urges Effort on African Trade

LUSAKA, Zambia — President Kenneth Kaunda of Zambia urged a group of 15 black African states Wednesday to bury their differences and work together for economic improvement as officials from the countries met to review efforts to set up a free-trade zone.

Opening a meeting of the Preferential Trade Area, Mr. Kaunda said the members faced enormous problems in developing their economies. He said the group, which aims to create a common market of up to 20 countries by 1992, was vital because the continent's black states had been economically dependent upon the industrialized world for too long.

There is an imperative need to consolidate our unity of purpose, he said.

Zambia, Zimbabwe, Burundi and Tanzania are represented at the two days of talks by their heads of state, while the other countries — Comoros Islands, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Rwanda, Somalia, Swaziland and Uganda — have sent senior ministers.

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Disunity Among Yugoslav Republics Paralyzes Leadership, Slows Economy

By Henry Kamm
New York Times Service

BELGRADE — Three hundred households in Serbia canceled electric service in November. With an 80-percent rate of inflation this year and a 73-percent rise in the cost of living, the residents could no longer afford it.

Throughout the country, whenever a train crosses from one of the six constituent republics to the next, the engine has to be changed. While countries elsewhere in Europe move toward integration, the Yugoslav republics ever more strongly assert their rights within the same country.

Meanwhile, the ruling Communist Party, known here as the League of Communists, announced in November that 75,000 members, most of them blue-collar workers, had turned in their party cards last year.

With its economy in crisis and the country in need of determined leadership, as even Yugoslav officials concede, political disunity is paralyzing decision-making, and the party that allows no rival political

force admits that its own appeal is waning.

Yugoslavia's economic problems are severe and its political disorder is complex, Yugoslav officials, like foreign diplomats here, say they see little chance of reversing the economic decline or of restoring unity.

Yugoslavia has a foreign debt of \$20 billion. Since 1980, real wages, the measure of purchasing power, have declined by nearly one-third. Most households in this nation of 22.6 million people are significantly worse off today than they were five years ago. Unemployment stands at 1.2 million, or 13 percent of the labor force.

"Economic stagnation has reached the limits of social and political tolerance," said Zivorad Kovacevic, a member of the cabinet, the Federal Executive Council.

The republic that Tito founded at the end of World War II and led with a firm hand until his death in 1980 has become a quarreling, loose confederation of six effectively autonomous republics and two nearly equally independent provinces, Yugoslav officials and foreign diplomats said.

The League of Communists, the only political party, has become eight separate party organizations with equal representation in the collective leadership. The collective leadership cannot impose decisions on the Federal Assembly or on the constituent republics.

Diplomacy and the military continue firmly in the government's hand. But few other powers are centralized.

The far-reaching autonomy of Yugoslavia's republics and provinces was enshrined in the 1974 constitution. Tito's work, but did not become reality until his death.

The legal bounds that Tito over-

stepped at his choosing are a thing of the past. A nine-member collective state presidency, comprising one representative for each republic and autonomous province plus the president of the Communist Party Presidium, exercises the duties of the head of state.

Elected for terms ranging from one to four years, the president, Radovan Vukobratovic, prime minister, Milka Planinc, and party chief, Vidoje Zarkovic, hold their posts in comparative anonymity until they are relieved by others whose names are equally unfamiliar to the average citizen.

Real power resides in the republics and provinces, whose legislatures tell their members of the Federal Assembly how to vote. Laws must be passed by "consensus," meaning, in fact, unanimity.

Announcing the government's program for economic change at a news conference in November, Mr. Kovacevic said, "I am not sure that parliament and the public will fully accept these measures."

The program was produced under pressure from the International Monetary Fund, creditor governments and the 610 commercial banks to which Yugoslavia owes \$20 billion.

Mr. Kovacevic seemed to be understating the situation. The separate interests of Yugoslavia's regions preclude the adoption of most of the program in its present form.

Mr. Kovacevic, an economics specialist who studied in the United States, noted this when he said that the differences between Slovenia, the most developed republic, and Kosovo, the least developed province, were greater than those between the United States and Yugoslavia.

Nobel Peace Laureates Meet With Gorbachev

Reuters

MOSCOW — The American and Soviet doctors who won this year's Nobel Peace Prize met the Soviet leader, Mikhail S. Gorbachev, on Wednesday and said they had urged him to extend a halt to nuclear testing.

Dr. Yevgeni Chazov, a Soviet deputy health minister, and Dr. Bernard Lown of Harvard, said they had talked for more than two hours with Mr. Gorbachev, mainly on the aims of their organization, the International Physicians for the Prevention of Nuclear War.

Speaking at a news conference, the two defended the group's goals. The award to the organization caused controversy in the West because of Dr. Chazov's role as a senior Soviet official and his signa-

ture of a letter critical of the Soviet dissident Andrei D. Sakharov.

Dr. Lown, a cardiologist, said that the two men had pressed Mr. Gorbachev to extend a suspension on nuclear testing due to end Jan. 1. Moscow declared the moratorium in July.

"The impression I received was that the Soviet Union will not go on suspending testing forever," he said.

Dr. Lown said that Mr. Gorbachev told them a freeze could easily be verified and that Moscow was still hoping the United States would join it. The United States has said it will continue testing.

The American doctor said he told Mr. Gorbachev, "Someone has to have the courage and statesmanship" to help end the arms race.

Swedish Airline Bans Smoking on All Flights

The Associated Press

STOCKHOLM — The Swedish domestic airline Linjeflyg will ban smoking on all its flights, making it the first totally no-smoking airline in Europe, officials said.

Linjeflyg said Monday that there would be no smoking on its flights beginning Jan. 20. It cited general health concerns and polls that show an overwhelming majority of passengers in favor of the measure. The airline transported 3.3 million passengers in the last fiscal year.

Taiwan Planes Collide; 2 Die

The Associated Press

TAIPEI — An F-5E jet fighter collided with a T-CH-1 military training aircraft over central Taiwan on Tuesday, killing both airmen on the trainer and seriously injuring the fighter pilot, the United Daily News reported Wednesday.

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TRAVELLERS REASSURED 'WATER IN BOMBAY' SAFE TO DRINK

Reagan Vetoes Bill to Limit Textile, Shoe Imports

By Stuart Auerbach

WASHINGTON — President Ronald Reagan has vetoed a bill that would sharply limit imports of textiles, shoes and copper from the United States.

Reagan delayed the action late Tuesday night to avoid alienating members of the House of Representatives who were seeking on legislation to overhaul the tax system.

"damaging effects" of the bill would "soon be felt by every American in the form of higher prices and shrinking co-growth," Mr. Reagan said in a message that circulated on Capitol Hill before he actually signed the veto.

The bill, as approved by Congress, would have rolled back textile and clothing shipments from the three leading suppliers — Taiwan, Korea and Hong Kong — by as much as 30 percent.

The growth of textile shipments from nine other major suppliers, all Asian countries with the exception of Brazil, would have been limited permanently to 1 percent a year. Shoe imports would have been limited for eight years to 60 percent of the U.S. market, and luggage imports also would have faced restrictions.

A White House official said the

president delayed his veto because "it would just cloud things up" to deal with a trade bill that had strong support in the Senate and House in the midst of the tax debate. The president, who faced a midnight Tuesday deadline for his veto, signed it shortly before 11 P.M.

The legislation had become the weapon for a bipartisan attack on the U.S. trade deficit, which is expected to soar to a record \$150 billion this year. Imports were blamed for factory closings and losses of manufacturing jobs. Supporters of the measure said imports had eliminated 356,000 jobs in the U.S. textile, shoe and copper industries.

The measure started as a bill to help the textile industry but was expanded in the Senate to include the copper and shoe sectors in an attempt to swell the number of supporters. It passed both houses by comfortable margins, but in neither case was the victory margin enough to override a veto.

The bill had bipartisan support, centered largely in the textile and apparel-producing states of the Southeast and the Northeast. Its major opposition came from lawmakers from farm states and export-oriented states of the Pacific Northwest, who felt their constituents would suffer most from retaliation.

In anticipation of the veto, Car-

los Moore, executive vice president of the American Textile Manufacturers Institute, vowed the legislative battle would continue. "We are not going to go away," he said.

Despite the bill's strong support in Congress — at one point more than half the Senate and two-thirds of the House had lined up as co-sponsors — a presidential veto was never in doubt. White House aides opposed the bill in Congress, calling it highly protectionist.

"It is my firm conviction that the economic and human costs of such a bill run far too high — costs in foreign retaliation against U.S. exports, loss of American jobs, losses to American businesses and damage to the world trading system on which our prosperity depends," Mr. Reagan said in the draft veto message.

Mr. Reagan tried to placate the import-battered textile industry in his draft message while ignoring the complaints of shoe and copper makers.

According to the draft, he ordered Commerce Secretary Malcolm Baldrige to investigate textile industry charges that imports are surging into the United States in amounts greater than allowed by international agreements.

Mr. Moore of the textile institute said textile imports had doubled since 1980 and now accounted for 45 percent of U.S. retail sales.

Mr. Reagan said he would tighten administrative and enforcement procedures if the industry charges proved true.

The president also directed Trade Representative Clayton K. Yeutter to take a strong stand in negotiations that have just started for a new international pact covering trade in textiles and apparel called the Multi-Fiber Arrangement.



SALUTE TO DC-3 — The workhorse of the air, the Douglas DC-3, is marking its 50th anniversary. The first test flight of the twin-engine transport, nicknamed "the gooney bird," was over Santa Monica, California, on Dec. 17, 1935. From left, Donald W. Douglas Jr., board member of McDonnell Douglas Corp.; Arthur Raymond, one of the plane's designers; and Bailey Oswald, an aerodynamicist on the original plane.

Lobbying Was Tool in Winning Tax Bill Converts

By Dale Russakoff

WASHINGTON — President Ronald Reagan may have wanted to see the bill passed when he invited Representative Steven Gunderson to the Oval Office early Tuesday, but young Republican congressmen from dairy country wanted to see it passed.

At the time the session was over, men had what they wanted. Gunderson knew Mr. Reagan did sign the farm bill sought by rural Wisconsin district; Mr. Gunderson knew Mr. Gunderson did help try to resume sweeping overhaul legislation in the House.

"I told him my farmers needed a vote in agriculture," said Mr. Gunderson, 34, and so I think it only right to give the president a vote on tax reform. I think it's a sensible way for adults to do business."

And that's the way business was done Tuesday night and down the Capitol and Democratic aisles the House and Mr. Reagan and Democratic leaders picked the votes needed to resuscitate a bill that many members said they wished would go away.

It is a surprise move only a week after 14 House Republicans joined against the president and considered the bill.

On Tuesday, Mr. Gunderson said other reasons, including such as the House's such as Representative Jack F. Kemp of New York, reversed themselves and supported the president.

Few of the Republican converts did they changed their opinion of tax bill's merits. Mr. Gunderson called it "awful." Representative Henry J. Hyde of Illinois said "despised." Mr. Representative Vander Jagt of Michigan said it "seriously flawed."

His most serious criticism was that they had something from Mr. Reagan, it is a little attention, a promise to do the bill unless the Senate sends it or, in cases like Mr. Gunderson's, a special favor for a member or his district.

Never mind that Mr. Reagan shrewdly would have signed the bill anyway or that Mr. Gunderson already had decided out of ally to Mr. Reagan to vote for the bill.

Never mind, also, that Democratic and Republican converts appear to have heard contradictory messages in the president's promises. On Tuesday, each side needed the other, and almost nobody came away feeling empty-handed.

Mr. Kemp, a leader of last week's mutiny, voted "yes" Tuesday because he said he believed Mr. Reagan would veto the bill unless the Senate changed it. Representative Wyche Fowler, Democrat of Georgia, said he switched to the "yes" column because he thought Mr. Reagan was bluffing.

"I just don't believe anything I hear about this bill from now on," Mr. Fowler said.

Mr. Vander Jagt said he voted for the legislation because he expects the Senate to make the bill more Republican. At least two Democrats said they did so because they hope the Senate will kill it.

Some mutineers came back to the Reagan fold for reasons that might repel the president. Representative Silvio O. Conte, Republican of Massachusetts, for example, said he hopes the Senate will use the bill as a vehicle to raise taxes and reduce the deficit.

He said Reagan made an unusually emotional appeal to him by telephone last week, but that it had nothing to do with his switch.

"He said if this wasn't turned around, he'd be an ineffective president and he couldn't campaign for anyone in 1986," Mr. Conte said.

"In politics, you always keep the window open. I said: 'Let me think about it,' but I'd already made up my mind."

Mr. Conte, sporting a Reagan-signature tie clip, said his vote did not signal new loyalty to the White House.

"Five years they've been in office. They've given me zilch. I've gotten nothing except this tie clip," he exclaimed, waving a cigar.

But some Republicans said they had gotten something to write home about. Representative George W. Gekas, Republican of Pennsylvania, agreed to vote "yes" after Treasury Secretary James A. Baker Jr. promised last week to study his proposal to stagger the filing dates for income tax returns.

An aide to the congressman said Mr. Gekas helped block the bill last week largely because it allowed for no consideration of his plan on filing dates.

Many Republicans lined up behind the bill because the president finally had treated them as players in Washington politics.



Steven Gunderson

And in response to a request from Representative Paul B. Henry of Michigan, another Republican who voted against the bill last

week, Mr. Reagan promised that his Council on Economic Policy would investigate whether import quotas should be imposed on machine tools, a staple of Mr. Henry's district.

Generally, the Republicans who changed their mind and lined up behind tax overhaul came from the Northeast and Middle West. Few converts emerged in areas dependent on timber, oil or mining, all industries that are likely to pay more taxes under the measure.

Mr. Vander Jagt said many others changed their position because they felt that they had won the battle even before the war was over. They had persuaded the president to visit Capitol Hill on Monday and to acknowledge the oft-ignored House Republicans as players in Washington politics.

"That way, people can vote for a bill they may not like and say: 'We won,'" Mr. Vander Jagt said.

Reagan's '87 Budget Would Halt Aid To Farm Service, End Commerce Panel

By Robert Pear

WASHINGTON — President Ronald Reagan's draft budget for the 1987 fiscal year would reduce the staff of the Social Security Administration, abolish the Interstate Commerce Commission and end federal support for the agricultural Extension Service.

The commerce commission, established in 1887, is the oldest federal regulatory agency. The Extension Service gives technical and scientific advice to farmers.

Administration officials said Tuesday that the proposals were part of a \$50-billion package of spending cuts and fee increases needed to hold the 1987 deficit to \$144 billion, the maximum allowed by a new law aimed at balancing the budget by 1991.

The administration's budget for fiscal 1987, which begins next Oct. 1, will not become public until it is submitted to Congress in February. The decisions have been tentatively approved by Mr. Reagan but are subject to change until then.

Mr. Reagan's 1987 budget also would save \$760 million by eliminating the last quarterly payment of revenue-sharing funds authorized by current law. The money normally would be distributed in the first week of October 1986 to 39,000 counties, cities and towns.

Revenue sharing helps local governments pay for goods and services ranging from police protection and day care to computers and mass transit.

Revenue sharing and the Extension Service are two of the most pervasive federal programs, affecting virtually every U.S. county.

While Mr. Reagan's budget does not seek to cut Social Security benefits, it would propose trimming 3,000 employees from the Social Security Administration through attrition, budget officials said.

The agency, which pays monthly cash benefits to 37 million people, now has 78,950 employees. Under the president's proposal, the Interstate Commerce Commission would go out of business in its centennial year. The agency was created to regulate the rates of railroads, which had been accused of unfair monopolistic practices.

Since 1935 the commission has had authority to regulate trucking companies and bus lines. In recent years, many economists have said such regulation inhibited vigorous competition.

James C. Miller 3d, director of the Office of Management and Budget, has been a leading proponent of deregulation in transportation and other industries.

The Extension Service, founded in 1914, translates research into

forms usable by farmers and ranchers, and is credited with making a major contribution to productivity. It is part of a cooperative network that includes 177 federal employees and 16,000 state and county workers.

Federal budget officials said that if the service was worth preserving, state and local governments should pay for it. The federal contribution is one-third, with remaining costs borne about equally by the states and the counties, federal officials said.

The draft budget proposal was criticized by Lee R. Kolmer, dean of the College of Agriculture at Iowa State University in Ames.

"We spend less for food, in real terms, than any other society in the world," he said. "A major reason is that agriculture in this country has adopted science and technology at a very rapid rate. But new technology doesn't just go from the research laboratory to the point of production without some transfer agent. The Extension Service is the transfer agent."

Earlier, it was disclosed that the draft budget calls for selling the Federal Housing Administration to "private bidders." The agency is basically a giant mortgage insurance company that has provided insurance for \$1 million home buyers in its 50 years of existence.

Bill Would Trim Exclusion, Subject Americans Abroad to Minimum Tax

By Robert C. Siner

WASHINGTON — The tax reform bill passed by the House of Representatives on Tuesday would reduce the \$80,000 earned income exclusion for Americans living abroad to \$75,000 and subject taxpayers who use the exclusion to a minimum tax.

If the tax bill is approved by the Senate and signed by President Ronald Reagan, these provisions could significantly raise the tax burden for many Americans working overseas.

The Reagan administration, however, is expected to push its own version of tax revision when the Republican-controlled Senate takes up the subject next year. The administration's package does not change the current tax rules for Americans abroad.

Under present law, Americans abroad may exclude \$80,000 of income earned abroad from U.S. income taxes. The figure is due to rise to \$85,000 for income earned in 1987, to \$90,000 in 1988 and \$95,000 in 1989. The House bill cuts the exclusion to \$75,000 and also freezes it at that level indefinitely.

Of even more consequence for those who use the exclusion is the minimum tax provision, which in effect halves the exclusion.

To find the minimum tax an overseas taxpayer would total his

salary, allowances, interest, and dividend income to find "net taxable income." He would subtract from this a "threshold amount" of \$40,000 (\$30,000 for a single taxpayer) and his personal exemptions and deductions, or take the standard deduction. The taxpayer would then take 25 percent of what was left to find the minimum tax. Next, he would calculate his tax using the \$75,000 exclusion and pay whichever was greater.

The minimum tax could be reduced by applying credit for income taxes paid to a foreign government. In many high-tax countries, such as those in northern Europe, the foreign tax credit can substantially reduce or even totally offset the U.S. taxes. The foreign tax credit is not subject to the minimum tax.

If the new rules are enacted, the taxpayer would subtract the \$40,000 threshold amount from the \$100,000, leaving \$60,000. His minimum tax would be 25 percent of that, or \$15,000. Using the \$75,000 exclusion, he would find his U.S. tax would be about \$3,500. But he would have to pay the greater of the two, or \$15,000.

Under current law he would then subtract the \$80,000 income exclusion, leaving \$20,000 taxable income. He would owe about \$2,500 in U.S. income taxes.

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Philippine Ferry Sinks; 3 Rescued, 197 Missing

The Associated Press

MANILA — A passenger ferry capsized and sank Wednesday off the central island of Mindoro, and 197 people were missing and feared drowned, the Philippine News Agency reported.

Only three persons were rescued after the ferry Auzon sank, the agency quoted the Philippine Coast Guard as saying.

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Major Points of U.S. Tax Bill

Los Angeles Times Service

WASHINGTON — Here are highlights of what the tax bill approved the House of Representatives would provide:

Individual tax rates: The many brackets with rates ranging from 11 percent to 50 percent collapse into four brackets with rates ranging from 11 percent to 38 percent.

Personal exemption: Increase from the current \$1,040 to \$2,000 in 1986, but effectively limited to \$1,500 for taxpayers who itemize deductions.

Standard deduction: Increase to \$2,950 for single people and \$4,800 for couples, compared to the current zero-bracket amounts of \$2,390 and \$400.

Individual tax breaks: Two-earner deduction repealed. Mortgage interest on a first and second home still fully deductible, but other interest deductions limited to \$20,000 per family. Dividend exclusion — \$100 for singles, \$200 for couples — repealed. Most other deductions, including state and local tax payments, retained. Minimum tax raised to 25 percent.

Retirement: Personal contributions to tax-deferred 401(k) accounts tied to \$7,000, and maximum contributions to individual retirement accounts reduced by \$1 for each \$1 contributed to a 401(k) plan.

Corporate tax rates: Top rate reduced to 36 percent from 46 percent. Business tax breaks: Investment tax credit repealed. Business write-offs for capital costs reduced. Only 80 percent of business meals and entertainment expenses deductible. Many specific preferences for industries reduced. Minimum tax expanded and boosted to 25 percent.

Selling of SDI: A Deep Rift Among Researchers

(Continued from Page 1)
find the best way to convince the public at large, and Congress in particular, that we have a viable program, both technically and politically."

From the start, program officials have acknowledged the need for stirring demonstrations. Dr. Gerold Yonah, the program's chief scientist, told a Georgetown University symposium in September 1984 that one of the plan's biggest challenges would be to build public and congressional support, as well as gaining the support of U.S. allies.

The task, he said, called for "visible technology achievements."

In private, SDI officials have often used acronyms evocative of salesmanship, especially in planning for highly visible technology tests. The initial name for these was Beacon, for Bold Experiments to Advance Confidence. Later, the name for such a project became STAR, for Significant Technical Achievements and Research.

Of the 1,000 or so contracts and projects in the SDI program, only about 10 reportedly have been selected for STAR roles. The criteria for their selection are whether a project is making scientific gains and whether it can be evocative of technological advances.

"Early on there was a series of Beacons that was rejected as being too showy," said an official of a large aerospace firm, who added: "There is history to show that stunts are helpful, distasteful though they may be in some ways."

Examples are said to include the bouncing of a laser beam off the space shuttle in June, the cancellation of a stationary missile during a laser test in New Mexico in September, and the destruction of a mock Soviet missile by a speeding projectile in November.

According to past and present

government officials, a STAR gets a lot of money and attention. In a rare public reference to this aspect of the program, Dr. Edward Teller, a key promoter of the anti-missile plan and principal developer of the hydrogen bomb, told a London audience in June that major STAR projects were expected to cost \$500 million to \$2 billion each, and that several were anticipated in the next two or three years.

The chief booster of such demonstrations is the director of the anti-missile plan, Lieutenant General James A. Abrahamson of the air force, who has argued in speeches and congressional testimony that breakthroughs are being made at an "incredible pace."

Scientists Level Blast of Criticism

In October he told Congress that the New Mexico laser test "demonstrated graphically the lethality of this technology." Also in October, he told the Philadelphia World Affairs Council that "surprising progress" had been made that meant the United States could deploy a workable space shield at least a decade sooner than expected.

Such assertions, however, irritate scientists at the forefront of the anti-missile project, whose research has shown actual progress on putting into effect the president's vision of a "space shield."

"There are some things we can do," said Dr. Miller of the Livermore laboratory, which employs 8,000 workers and scientists. "We probably could build a strategic defense that would be 50-percent effective against the current Soviet threat, and that may be interesting. But we can't do what the president asked for. That's clearly in the re-

search stage. And I'm afraid the public is getting the opinion that it's closer than it really is."

In November's Defense Week, a respected industry publication, researchers leveled an unusual blast of public criticism at what they viewed as oversteering. In an article titled "Expert Denies Harmful Hyperbole," Dr. Cornelius F. Coll, director of "star wars" system studies at the Livermore laboratory, charged that overstatements by Pentagon officials were impeding the program. He also argued that estimates of the cost of an anti-missile defense were unrealistically low.

"It's more important to this lab that our technical credibility be sustained than it is that 'star wars' become a reality," he added. "There's going to be life after 'star wars.'"

One Metaphor: Captive Chicken

High officials at several federal laboratories in California and New Mexico echoed the complaints of Dr. Coll and Dr. Miller, saying U.S. technical credibility was threatened by sales pitches.

"There's a real danger in this hype atmosphere for certain programs to overpromise," said Dr. Stephen D. Rockwood, director of "star wars" research at the Los Alamos National Laboratory in New Mexico, which employs 7,000 workers.

Dr. Hagengruber of the Sandia lab, which has 8,000 employees, said, "The more expensive a program is, and the more it gets to something as fundamental as nuclear weapons, the more impressive the merchandising efforts become."

Dr. Hagengruber said such salesmanship could impede the design of experiments, especially those meant to test the destructive power of beam weapons. "There's a desire to have very early demonstrations, to show lethality," he said, adding such tests can be "contrived."

"If, for example, one was going to demonstrate the lethality of microwaves, one could put a digital watch in the horn of a microwave generator, blow the watch apart, and say microwaves kill watches," he said. "For the lay public and Congress, that might be impressive."

"But," he added, "it's actually far more important to this lab that we do a way more thoughtful experiment. These demonstrations have the potential to be what we call strap-down chicken tests, where you strap the chicken down, blow it apart with a shotgun, and say shotguns kill chickens. But that's quite different from trying to kill a chicken in a dense forest while it's running away from you."

Although Dr. Hagengruber declined to cite specific examples, critics outside the government have pointed to the destruction of a missile in New Mexico in September as more showmanship than science.

The stationary motor casing in the desert was meant to mimic a Soviet missile in flight, according to Pentagon officials. Close-up films and photos of the exploding missile were widely distributed and shown repeatedly on television before the Geneva summit meeting.

The weapon behind that test is known as Miral, for Mid-Infrared Advanced Chemical Laser. It was built in the late 1970s by TRW Inc. for the Navy, and was originally meant to investigate defense of U.S. ships from enemy planes and missiles, Congress killed that program. But the Miral laser was later resurrected by the Pentagon for lethality tests, and in 1984 was assembled at the White Sands Missile Range in New Mexico, a top-secret, \$300-million installation.

Miral is "the free world's highest average-power laser," according to the Pentagon, although it looks more like a giant diesel engine. Its beam is fixed and cannot be directed at moving targets. The laser's delicate mirrors, dozens in all, are fashioned so that heat is removed by the circulation of 9,000 gallons (34,000 liters) of cold water. About 370 people are needed to operate the laser site.

In the test in September, the second stage of a Titan missile was put about half a mile from the laser. The casing, which carried no fuel, exploded after being irradiated by the Miral beam for "several seconds," Pentagon officials said, declining to be more specific about the time.

"This advance gives us greater confidence in our ability to focus the laser beam into a small spot at long range," General Abrahamson told the Philadelphia World Affairs Council, hailing it as one of the program's "world-class breakthroughs."

Critics outside the government, however, note that in space an anti-missile laser would have to fire its beam thousands of miles. They add that for decades big lasers have been used to burn holes in metal over short ranges.

On another score, these critics say, the Miral test was misleading. "The impression was that the laser blew it apart," said John E. Pike, head of space policy for the Federation of American Scientists, a nonprofit group based in Washington that is skeptical of the anti-missile plan. "But it was the gadget at the top, the cross bar that was ostensibly there for dynamic loading, with the cables pulling down, that caused it to fly to pieces. The test looked much more impressive than it was."

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Abrahamson told a space technology conference in Colorado that the anti-missile program had recently succeeded in destroying a one-third-sized mockup of a Soviet SS-18 missile.

Displaying a photograph of the splintered booster, he said the test demonstrated the lethality of microwaves, an experimental kinetic energy weapon that could be based in space. The audience, including hundreds of Pentagon officials, military industry executives and reporters, broke into applause at the sight of the crumpled booster.

But in response to questions at a much smaller briefing later, General Abrahamson revealed that the damage had not been done by an electromagnetic railgun but by a hardened projectile fired from an air gun. The modern air gun was developed in France in the early 18th century.

Critics Risk Jail, Report Failures

Dissidents in the Pentagon's anti-missile program are generally not free to criticize policy trends. But in one case, however, concerning development of the X-ray laser, researchers were so upset by what they viewed as exaggeration and hyperbole that they broke the security laws.

This X-ray laser device, powered by a nuclear bomb, is meant to fire beams of radiation in space to destroy enemy missiles.

In April, Dr. Teller alluded to X-ray laser breakthroughs in a speech at the University of California. Some time later, according to press reports, he took the news to the White House. Mr. Reagan later directed that an extra \$100 million be channeled into the X-ray laser effort.

But anonymous rebels soon objected to the purported advances, risking jail sentences to give journalists top-secret details of failed nuclear X-ray laser tests. In its Nov. 8 issue, Science magazine, a respected scientific journal, reported that a key X-ray focusing element had proved defective and had failed in an experiment at the Nevada nuclear weapons test site.

In addition, the journal said, a key monitoring device had been miscalibrated, rendering the results of earlier tests uncertain. Further disclosures to the press revealed that the government intended to proceed with its next X-ray laser test although the design flaw had not been eliminated.

On Dec. 6, 30 members of Congress sent a letter to Defense Secretary Casper W. Weinberger urging him to postpone the test, which was to cost \$30 million, until the problems could be fixed. They also asked for an "immediate" briefing on the X-ray laser program, including the experimental flaw.

Federal officials have publicly confirmed that there are unresolved technical problems in the X-ray laser experiments, but they have characterized them as minor.

With the X-ray laser and anti-missile tests in general, dissident scientists contended that serious research is threatened with distortion by the rush to impress the president, Congress and the American public with anti-missile feats. General Abrahamson, the program director, denies this.

"We're trying to run an open program," he said in an interview. "Within the limits of security considerations, we owe the nation procedures that allow people to see what we're doing, the real rate of progress, so they can make their own judgments."

"those who place their destiny in the hands of the superpowers." Differences over SDI emerged in talks Tuesday in Paris between President François Mitterrand and President Ronald Reagan.

President Mitterrand said the two leaders attempted to coordinate a common West European position on the program, but this effort now seems to have failed.

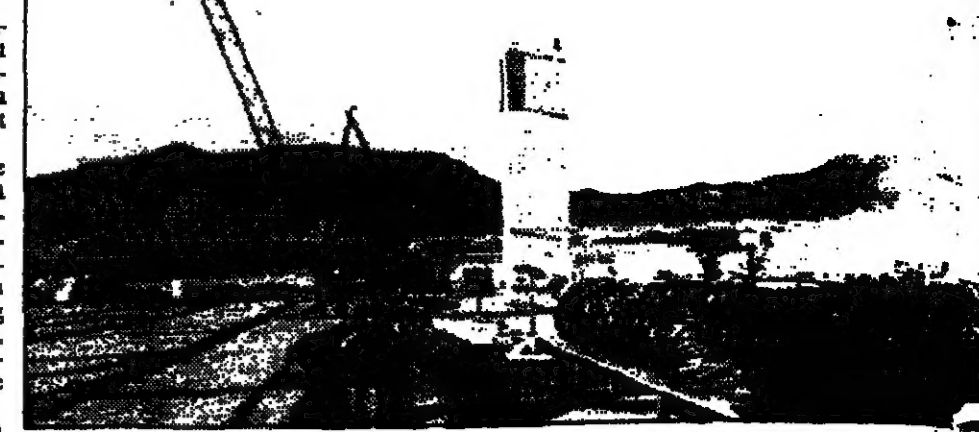
[The two leaders announced plans Wednesday to increase military cooperation but remained divided over SDI. The Associated Press reported.]

[After their Paris meeting, they tried to put the best face on increasing military cooperation by announcing that officers of their armies would train together. Mr. Kohl said this was a "modest but significant sign of the vitality of relations."

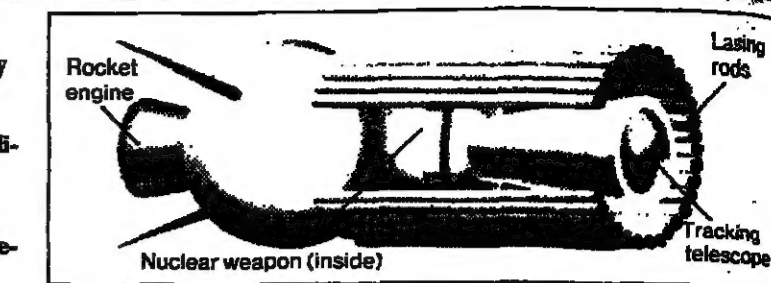
[The French believe that any West German participation in SDI will be detrimental to Mr. Mitterrand's Eureka project. Eureka calls for increased European cooperation to develop high technology to meet U.S. and Japanese advances and is seen largely as a civilian project. But it could have military applications.]

Making clear that he was unopposed by the U.S. arguments in favor of SDI, Mr. Kohl listed French objections to the program's cost and technical feasibility. He said these doubts had been reinforced by the skepticism of several leading U.S. scientists.

"The most optimistic predictions do not allow us to consider this a



The X-ray laser, right, powered by a nuclear bomb, could in theory fire beams of radiation at enemy missiles. Above, the underground test site in the Nevada desert.



"In every organization there are people who are more optimistic and more pessimistic," he added. "Since we don't impose strict censorship, I'm sure there are some who think parts of the program won't pay off in the way some other people have described them."

Dr. Yonah, the program's chief scientist, said he had fought a losing battle to keep congressional officials from using such acronyms as Beacon and STAR, saying they falsely implied a concern with showmanship. He said the anti-missile program did have a special category of "significant experiments to resolve key technical issues," but he denied that any tests had been staged or their results exaggerated.

The Miral experiments were worthwhile and provided important information," he said. Despite such denials, federal scientists say showy demonstrations are normal in any area of science that requires a lot of public money.

"Blame the whole American approach to big science," said Dr. Rockwood, of the Los Alamos laboratory. "Congress needs to see something. They aren't knowledgeable enough to judge inventions without some sort of demonstration."

In the anti-missile program, Dr. Rockwood said, real experiments that resulted in breakthroughs would probably be kept secret, especially if they held promise for the penetration of an enemy's anti-missile shield.

As for public relations stunts, he said the potential for distorting the anti-missile agenda could be minimized if key scientists and managers adhered to its deeper goals. "If the programs are managed in that way," he said, "then this overselling will not lead to vast waste."

Merchandising pressure may increase because of cuts in the SDI budget, according to some dissident scientists. For fiscal 1986, Congress cut roughly \$1 billion from the Reagan administration's request of \$3.7 billion. Larger cuts loom, some congressional sources say, estimating the five-year anti-missile research program may get little more than half the \$26 billion originally sought.

The problem, as some dissident scientists see it, is that visible "progress" must be made no matter how much money is cut. Otherwise, the programs' size makes them even more vulnerable. "It happens everywhere, not just SDI," said Dr. Hagengruber of the Sandia lab.

Whether real science or stunts, or a combination of the two, several future STAR projects are expected to revolve around laser tests on the space shuttle, according to scientists in government and industry. These are to demonstrate the ability to find and track moving targets, in rehearsal for pointing a weapon.

After the fruits of the anti-missile research before the 1988 presidential election. Top federal officials deny this. But in May, Mr. Reagan's science adviser, Dr. George A. Keyworth II, told a meeting of military contractors that "unequivocal proof" of the feasibility of anti-missile defense could be demonstrated by 1988 if the research was "properly streamlined."

In the speech, Dr. Keyworth said he was not speaking of demonstrations of missile interception in space, which he called a gimmick. "If you put a big laser on a mountaintop and destroy a steel sphere a meter in diameter on another mountaintop a couple of hundred miles away, you've demonstrated technological feasibility a heck of a lot better than with space simulations."

Dr. Keyworth, one of the most ardent supporters of the SDI plan in the Reagan administration, recently announced he will resign his post at the end of the year. He has said he is satisfied with the direction of the program.

In the next few years increasingly showy laser demonstrations will probably be performed in the New Mexico desert, according to scientists in government and industry. The Miral laser, they say, is being equipped with a large beam director that will allow it to fire at moving targets, like large missiles.

Whether such exhibitions as pointing lasers out of the space shuttle and destroying missiles in the New Mexican desert will constitute "unequivocal proof" of the feasibility of the "star wars" defense, as Dr. Keyworth put it, is an issue that will be debated not only by Congress and the U.S. public but also by the scientists at work on the program. They say they are already worried by pressures to publicize science for the sake of public relations.

Asked what the public should expect from the program in the next two or three years, Dr. Hagengruber of Sandia replied: "I expect they will not see the large steps and bounds in the technology they would all like to see. Their patience will wear thin, and that will be an added stimulus to stunts and demonstrations."

TOMORROW: The overall military equation and the Soviet response.

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Air Gun Splinters Missile Mock-Up

In November, a different test was publicized when General

Bonn Seeks Share of U.S. Research on Space Defense

(Continued from Page 1)
lead to a new round in the nuclear arms race and weaken the security of Western Europe.

The criticism was contained in a full-page interview by the Paris newspaper Le Monde of Defense Minister Paul Quilès on his return from talks in Washington.

"SDI could upset the strategic concepts on which peace has rested since the last war," said Mr. Quilès. He added that it also could lead to a further polarization of public opinion in Western Europe between "those who take refuge in neutralism and pacifism" and

"those who place their destiny in the hands of the superpowers." Differences over SDI emerged in talks Tuesday in Paris between President François Mitterrand and President Ronald Reagan.

President Mitterrand said the two leaders attempted to coordinate a common West European position on the program, but this effort now seems to have failed.

[The two leaders announced plans Wednesday to increase military cooperation but remained divided over SDI. The Associated Press reported.]

[After their Paris meeting, they tried to put the best face on increasing military cooperation by announcing that officers of their armies would train together. Mr. Kohl said this was a "modest but significant sign of the vitality of relations."

[The French believe that any West German participation in SDI will be detrimental to Mr. Mitterrand's Eureka project. Eureka calls for increased European cooperation to develop high technology to meet U.S. and Japanese advances and is seen largely as a civilian project. But it could have military applications.]

Making clear that he was unopposed by the U.S. arguments in favor of SDI, Mr. Kohl listed French objections to the program's cost and technical feasibility. He said these doubts had been reinforced by the skepticism of several leading U.S. scientists.

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"The most optimistic predictions do not allow us to consider this a

credible project, even for the next half century," Mr. Quilès said. "Science can make progress, sometimes very rapid progress, but it cannot work miracles."

Mistrial Declared For U.S. Governor
NEW ORLEANS — The rock-throwing trial of Governor Edwin Edwards ended Wednesday in a mistrial with the jury reporting itself hopelessly deadlocked.

U.S. District Judge Marcel L. Landau said that the jury had told him there was no chance it could reach a verdict without reviewing large amounts of testimony.

The judge said that jurors were asking for too much material and that he had been presented with a motion for a mistrial. "I will grant that motion," he said. U.S. Attorney John Volz said he would retry Mr. Edwards if the jury failed to reach a verdict.

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Research in Africa Shows AIDS Now Posing a Risk to Newborns

By Lawrence K. Altman
New York Times Service

PARIS — Researchers have found more corroborating evidence that AIDS is spreading in Africa to point that it poses substantial risk to newborn infants, and that it is about as many women as men, primarily by heterosexual intercourse.

The evidence comes from studies in Zambia, by Zambian, American and Canadian researchers involving small groups of pregnant women and newborn infants, as well as individuals with sexually transmitted diseases and a variety of other clinical conditions, according to Sobhash K. Hira of the University Teaching Hospital in Lusaka, Zambia capital.

Of 143 women who gave birth at University Teaching Hospital in 1981, 17, or 12 percent, had antibodies to the acquired immunodeficiency syndrome virus, an indicator of prior infection. These 17 women gave birth to 15 infants who had antibodies to the AIDS virus. None of the babies born to the other 126 women showed evidence of such infection, Dr. Hira said in an interview.

Because many people may be carriers of the AIDS virus without showing ill, and still others may develop symptoms only years after blood tests show evidence of infection, it is not known how many of those women are infected. Further studies are being done to determine how many, if any, of the mothers and 15 babies had false results that could result from

immunological factors that normally change in pregnancy and the first few months of life, Dr. Hira said.

One component of the studies concerned apparently healthy people. Of 100 who had annual physical checkups, blood tests showed that 15 had evidence of the AIDS virus. Of these 15, two could have become infected through blood transfusions, two were bisexuals and two had had anal sexual relations at least once.

Other parts of the studies have shown that in Lusaka there is "almost an epidemic of herpes zoster," or shingles, Dr. Hira said. Doctors throughout the world have noted that shingles is one of the opportunistic infections that strike AIDS patients with unusual frequency.

Of the approximately 1,800 patients examined over the last three and a half months in a clinic specializing in sexually transmitted diseases, 120 patients, or 15 percent, have had shingles. This figure compares with 91, or one-half of 1 percent, of the 3,310 patients treated in the same clinic from 1979 to 1982.

Blood samples taken from 53 of the most recent shingles cases showed that 25, or 47 percent, had evidence of infection by the AIDS virus. The AIDS blood test was not developed until last year, so a comparative figure from 1979-82 is not available.

The researchers found this evidence of infection with the AIDS virus among small groups of individuals affected by various other conditions:

• Forty-five of 63 people (71 percent) who suffered from unexplained swollen lymph nodes for more than two months.

• Nine of 13 patients (69 percent) with Kaposi's sarcoma.

• Three of four persons suffering from tuberculosis that had spread throughout their bodies.

• Both of the two patients who had suffered from unexplained chronic diarrhea for more than two months.

• Both of the two persons with unexplained acute weight loss.

But only one of 41 patients with leprosy, or less than 2 percent, had evidence of infection with the AIDS virus. These 41 people had been in a leprosy hospital for more than three years. Because they had been isolated from society, Dr. Hira said, he interpreted these findings to mean that the AIDS virus was introduced into Zambia only recently. He also said that the tests could have falsely yielded negative results because of leprosy's immunology.

Dr. Hira said that evidence of the AIDS virus was found in about the same proportion of men and women.

The fact that none of 125 persons tested said they were bisexuals and only two said they had engaged in anal sex supported the thesis that AIDS in Africa is spread through vaginal sex, Dr. Hira said. Seven who had received transfusions could have contracted AIDS through contaminated blood.

Some researchers theorize that the AIDS virus may spread more easily among heterosexuals in Africa who have sores from syphilis and other sexually transmitted diseases. According to the theory, breaks in the skin from the sores allow the AIDS virus to enter the body more easily than through intact skin. Dr. Hira said that 51 of the 125 had had sexually transmitted infections in the past.



Brian G. Chambers, left, and Kevin J. Barlow, right, in Kuala Lumpur, where Malaysia's Supreme Court rejected an appeal to commute their death sentences on drug charges.

Malaysia Upholds Australians' Death Sentence

Agence France-Press

KUALA LUMPUR, Malaysia — The Malaysian Supreme Court rejected Wednesday an appeal by two Australians who were sentenced to death for trafficking in heroin.

A three-man panel ruled that there was no miscarriage of justice in August when the Penang high court convicted Brian G. Chambers, 28, a building contractor from Sydney, and Kevin J. Barlow, 27, a British-born welder from Perth, on trafficking charges.

The two men were arrested at Penang airport in November 1983 with 179 grams (about 4 ounces) of heroin in a suitcase. Each accused the other of putting the drugs in the bag.

They would be the first Westerners to be hanged under 1983 amendments to the Malaysian Dangerous Drugs Act, which made the death sentence mandatory for anyone possessing 15 or more grams of heroin or morphine, or 200 or more grams of marijuana or hashish.

In Canberra, the Foreign Affairs Department said that Foreign Minister William Hayden would appeal to Malaysian authorities to commute the sentences to

life imprisonment. In London, relatives of Mr. Barlow were petitioning the British government to seek clemency.

"Yes, I think they are out to make an example of me," Mr. Barlow said in answer to journalists' questions after the verdict was delivered. "Isn't that what I was told by everyone these past two years?"

Both men will make a final appeal to the Pardons Board in Penang state, where they were arrested and convicted, their lawyers said.

Thirty-three persons, most of them Malaysians, have been hanged for drug offenses since 1975. Four others, including a French secretary who was convicted before the mandatory death sentence was introduced, have had death reduced to life terms. More than 50 others are on death row pending appeals.

The stiff penalties, perhaps the toughest in the world, are aimed at curbing the spreading addiction to heroin and other hard drugs among Malaysia's 16 million residents. The laws assume that people who are caught possessing more than the minimum amount of drugs intend to sell them.

Regional Group Defeats Gandhi's Party in Assam

(Continued from Page 1)

time, or who had come from other parts of India, and were thus not endangered by the accord.

In the past, these Moslems also had tended to vote for the Congress (I) Party, but this time they defected out of apparent solidarity with their co-religionists.

The Congress (I) Party, which has ruled the state for 36 of the last 38 years, had thus been caught in the middle of two opposing camps, despite Mr. Gandhi's strenuous efforts.

The prime minister campaigned several times in the state, promising to increase economic aid and asserting that only his party could curb ethnic and religious hatreds. He warned against the proliferation of regionally based parties.

By all accounts, he wanted to win the election and was under some pressure from party members to produce a victory. The party did better in several scattered by-elections on Monday around the country.

At stake in Assam were 126 seats. Early returns showed the Asom Gana Parish having won 26 seats and leading in about 30 others. The Congress (I) Party had won only 10 seats and was leading in fewer than 20 others.

The Moslem-dominated United Minorities Front won three seats and was leading in about 10 others. Other votes went to the Communist Party, various parties of indigenous tribespeople and the Congress (S) Party, a splinter of Mr. Gandhi's party.

Fourteen national Parliament seats were also being contested, but these returns were still incomplete Wednesday. The Assam election will not materially affect the Congress party's 80-percent majority of the 527 seats in Parliament.

The turnout had been unusually high, reflecting an extraordinary amount of interest in the election — by some accounts, as high as 80 percent of almost 10 million eligible voters.

During the last elections in Assam, in 1983, thousands of people died as anti-immigrant forces staged a boycott and tried to disrupt the halting. This time, tens of thousands of policemen and paramilitary troops guarded the voting.

■ Sri Lanka, Tamils Plan Talks
Sri Lanka is exploring the possibility of talks in Colombo with the Tamil United Liberation Front, the main Tamil separatist party, informed sources in the capital said Wednesday, according to Agence France-Press.

The Sri Lanka government sent a message by Indian intermediaries, and hopes that the Tamil party's leader, Appapillai Amirthalingam, and other party leaders now in self-exile in Madras, India, will come to Colombo, the sources said.

If the talks were to get off the ground, the People's Liberation Organization of Tamil Eelam, one of the major militant groups, would be likely to join in the sources added.

However the Tamil United Liberation Front was reluctant to make any commitment to attend such a meeting, preferring to meet government negotiators in India, sources close to the party said.

Authoritative sources here said that the government wanted assurances that the organization would not suddenly withdraw from the talks or abandon them as they did two years ago.

In November, six Tamil separatist groups rejected a draft working paper, formulated by New Delhi, that proposed greater autonomy in Tamil areas.

Honda Union Vote In Ohio Is Delayed

New York Times Service

WASHINGTON — The National Labor Relations Board has "indefinitely postponed" a union representation vote scheduled for Thursday at a Honda plant in Ohio after the United Automobile Workers formally charged the company with an unfair labor practice.

The complaint, filed Dec. 13 in Cleveland, accused Honda of illegally interrogating workers about their attitudes toward unions, allowing anti-union material to be distributed on company time and granting increased holiday and vacation benefits to discourage union activity.

Honda officials at the plant in Marysville, Ohio, have denied the charges. Shige Yoshida, executive vice president of Honda of America, said the union had "violated" the company's "atmosphere of respect" by using these manufactured charges to delay a vote.

2d Strike at The Guardian

The Associated Press

LONDON — The Guardian, one of Britain's 10 national morning newspapers, failed to appear Wednesday for the second time in two weeks because of a wage dispute by production workers.

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Filipinos Begin to Wonder Whether Election Will Be Held

(Continued from Page 1)

He declared the law constitutional," it he sounded less enthusiastic in the future.

His associates have also been reading the suggestion that the election might not take place. Teodoro F. Valencia, a newspaper columnist who is close to the president, said recently of the election preparations: "If it looks like a duck, quacks like a duck and walks like a duck, it is probably a horse, anything but a duck."

The issue under debate before court is the failure of the president to leave office to create the assembly demanded by the constitution.

Mr. Marcos submitted a letter of resignation to the National Assembly on Nov. 11 with the stipulation that the resignation would take effect only upon the assumption of office by the winner of the election.

In this way, he managed to remain in office and employ the full powers of the presidency during the election campaign.

His political opponents immediately branded the maneuver unconstitutional, but they agreed to contest the election anyway.

The petitions before the court have been filed by opposition politicians and groups such as the Philippine National Bar Association and the Concerned Women of the

Philippines. They are said to want the constitutionality issue settled before the fact so that it can not be used to annul the results after the voting.

Ten of court's 13 justices, all of whom have been appointed by Mr. Marcos, must rule against his constitutionality for the election to be called off. If they do, politicians here see various possible scenarios.

One that has been mentioned in the court proceeding is the possibility that an election could be replaced by a national referendum on the continued tenure of Mr. Marcos, who will reach his 20th anniversary in office this month. Such a referendum might be held to coincide with nationwide local elections set for May.

Such a move would eliminate the direct challenge of Mrs. Aquino. The main issue in her campaign, however, is the removal of Mr. Marcos, and she could continue to campaign against him in a referendum.

Another possibility is that the presidential election would be called off but the vote for the vice president could proceed. This would pit Mr. Marcos's running mate, Arturo M. Tolentino, a former foreign minister, against Salvador H. Laurel, a former senator.

A third scenario was suggested by Mr. Marcos last week when he said that if the court ruled against the election he would appeal, but if he lost the appeal the vote would then take place only upon the expiration of his six-year term in 1987. But at least one opposition politician, Homobono Adaza, is predicting that the president might feel he needs to introduce some form of state of emergency to contain the reaction to such a move. Mr. Pelaez predicted in court his frustration over any calling off of the election could plunge the country into chaos.

And in an editorial Wednesday, an independent newspaper, the Inquirer, said of the election, "Many Filipinos perceive it as the last

chance of democracy to survive in this troubled country. Crushing people's high hopes now might lead to the inevitable slide toward non-democratic options for change — a bloody civil war or revolution."

Retail Sales in China

Reuters

BEIJING — Retail sales in China this year will rise by 27 percent to about \$26.34 billion yuan (\$133.2 billion) from \$33.7 billion yuan in 1984.

The agency said the increase is due to rising incomes and a large increase in the number of retail outlets, many not state-owned.

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Eduardo Wiesner Durán, Western Hemisphere Director, International Monetary Fund, Washington D.C.
LATIN AMERICAN INITIATIVES TO TACKLE THE DEBT PROBLEM
Jesús Silva Herzog, Finance Minister, Mexico.
Fernão Brocher, Governor, Central Bank, Brazil.
HOW THE INTERNATIONAL FINANCIAL SYSTEM SHOULD ADAPT
Michel Comdessus, Governor, Banque de France.
Robin Leigh-Pemberton, Governor, Bank of England.
HOW MULTINATIONALS HAVE MADE A SUCCESS OF OPERATING IN THE REGION
C.J. van der Klugt, Vice-Chairman, Philips Industries, Eindhoven.
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REVIVING INDUSTRIES IN LATIN AMERICA
The Honorable Edward Seaga, M.P., Prime Minister, Jamaica.
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Amalinda Musich, Director, Organización Techint, Buenos Aires.

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Chairman: Anthony Sampson, international writer, Editor of The Sampson Letter.
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Claude Cheysson, European Commissioner, Brussels.
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THE NEED FOR A LONG-TERM SOLUTION TO THE DEBT PROBLEM AND FOR NEW CREDITS
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THE COMMERCIAL BANKS' VIEW OF LATIN AMERICA
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PERSPECTIVES ON ECONOMIC AND SOCIAL DEVELOPMENT of Central America:
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Manuel Azpúrua Arce, Finance Minister, Venezuela.
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Sound Without Action

When President Reagan returned from Geneva last month, we urged that he apply his amplified prestige to reducing his huge budget deficit, which has the singular characteristic of harming America and the rest of the world simultaneously. With strong leadership, significant progress could have been made in the current fiscal year. But all we see in last week's balanced-budget legislation is a framework commitment to eliminate the deficit progressively by 1991, with no hard decisions about the immediate future.

The budget-balancing law can be criticized on many grounds. It leaves the 1986 deficit dangerously high. The forced spending cuts it envisages have to fall equally and arbitrarily on military and on civilian programs, some of which are exempted in advance; this robs the government of the ability to make discretionary spending choices in the light of changing circumstances. There is no reason why a deficit should shrink in regular, linear fashion over a six-year period; an economy moves in cycles, not straight lines. America's elected representatives are saying they cannot trust themselves to use budgetary discretion responsibly. Lastly, the law may prove ineffective for the simple reason that a future Congress can scrap it.

Yet a presidential veto would not have made sense. The Gramm-Rudman formula is flawed, but it seems to be the best that could be achieved for now. At least it binds Congress and the president to make some attack on the deficit before next November's elections. Firm decisions now to cut spending on specific programs, or to raise taxes, or both, would have been better — the medicine that the IMF, with American support, is urging on other debtor countries. Some increase in tax revenues is probably essential. With world oil prices falling, this is an ideal time to raise taxes on gasoline and fuel oil. That might do no more than offset declining market prices, and it could be justified as simply transferring to the federal coffers part of the levy that OPEC has been imposing on the American consumer.

If the law is strictly observed, the budget deficit might fall from 5.5 percent of GNP in fiscal 1985 to 3.5 percent in 1987. That could put interest rates down, improve American competitiveness, weaken protectionist pressure and give important relief to foreign debtors. But all the required tough action has yet to be devised. Gramm-Rudman is a vague promise to turn over a new leaf.

INTERNATIONAL HERALD TRIBUNE

A South African Scene

The government of South Africa keeps warning that its opponents are Communists in Soviet hire, but it is the regime itself that is Sovietizing South Africa. Its restrictions on the media are among the most conspicuous and objectionable pieces of evidence of this trend.

American audiences could see the policy in action last weekend by watching the television coverage in Mamelodi. A black township outside Pretoria, Mamelodi is not subject to the emergency-rules news curbs that the government imposed last October to keep the outside world from observing popular unrest and official repression. Nonetheless, pistol-wielding police halted television coverage of the funeral of some blacks who had died in an earlier protest. In response, people in the crowd stoned the police, and in the ensuing gunfire a sound man was shot in the leg. "We cannot let anything bad about South Africa get out anymore," an officer explained.

It is evidently not enough for the South Africans to try to censor the news by law and

edict; they are doing it by harassment and outright intimidation as well. But Pretoria's effort to fence itself off from Western inspection can only isolate it further from Western understanding. By its restrictions, the apartheid government increasingly makes itself visible in the Soviet image. Far from sparing itself the effects of bad publicity, it feeds apprehensions that behind a veil of censorship it is practicing a policy too terrible to withstand the light of day. Already low, the country's credibility is bound to sink even lower if there is not an adequate supply of independent witnesses.

What occurred at Mamelodi reflects an ugly pattern in South Africa. A funeral for victims of the country's basic injustice was being held peacefully. Police tried to cut off the formally permitted media coverage. A disturbance erupted. The government, to justify censorship, keeps insisting that the media provoke trouble, but here it was plain that the police were the provocateurs. It was thuggery.

—THE WASHINGTON POST.

A New Budget Game

The House and Senate have been sparring all year over the defense budget. In that sense the House was following form Tuesday night in rejecting, partly for its defense provisions, the proposed continuing resolution to fund for the rest of the fiscal year the agencies whose regular appropriations bills have not been passed. But this vote counts more. The reason is a multiplier effect in the new Gramm-Rudman budget process. Gramm-Rudman has created a new game for everyone to learn, a game called "baselines." The process sets out declining deficit targets for the next five years and provides for automatic spending cuts, half from defense and half from domestic programs, if in any year the president and Congress fail to hit their target. The question is: automatic cuts from what level? The higher you lift your starting point or baseline in any year, the less your program has to fear from Gramm-Rudman and the stronger your position will be in a scramble to produce a budget by orthodox means as the deadline for automatic cuts approaches. Gramm-Rudman is to inflict its first cuts next spring. The starting point will be the continuing resolution.

In its appropriations bill the House voted to hold the Pentagon to \$292 billion in spending

authority this fiscal year, the same as last year, without allowance for inflation — and it did not exactly vote to appropriate even that. It found more than \$6 billion in unused spending authority from prior years and told the services to use it this year. The Senate has called for \$302 billion in spending authority, enough of an increase to cover the expected inflation rate and the amount contained in the congressional budget resolution, which the administration has now embraced.

The conferees on the continuing resolution agreed to give the Pentagon \$299 billion in spending authority and voted to make this authority all new. That way the Pentagon would have all its old appropriations in reserve for Gramm-Rudman. After Tuesday's rejection, the matter now goes back to conference. By the standards of the first Reagan term, the Pentagon loses even if it wins. Spending will continue to rise this fiscal year as a result of past appropriations, but new appropriations — the feedstock for future spending — for the first time in the Reagan administration will apparently not rise perceptibly, and under Gramm-Rudman could even fall. The defense side of the budget has hit an uncertain plateau.

—THE WASHINGTON POST.

Other Opinion

Hidden Riches, Hidden Woes

The most popular film in the Philippines is "Hidden Riches," a documentary on the villas, apartment houses, supermarkets and hotels in the United States owned by President Marcos, his wife Imelda and their friends. In the countryside church workers feed the hungry at soup kitchens and then show the movie.

Mr. Marcos has not traveled around his nation for years. The government and many diplomats have no idea about conditions in the

provinces. Human rights violations are more widespread now than in the martial law era (1972-81). When one person in a family is assassinated, survivors join the Communists.

There is no doubt that the Marcos era is coming to a close. The process could be stopped only by government reforms from within. But President Marcos has hardly any choice. True reform would amount to sawing off the limb on which he sits.

—Edward Hubbard (New Zürcher Zeitung, Zurich), quoted in World Press Review.

FROM OUR DEC. 19 PAGES, 75 AND 50 YEARS AGO

1910: Strong Naval Fleets Win Wars

PARIS — The Washington Post says: "We could have forts at every seaport, but should Congress fail to provide for an adequate fleet in each ocean, an active force could still land between the forts. Once ashore it would be a serious matter to dislodge it. With a fleet in each ocean we could prevent it from blocking or landing without being saved a war." [The Herald comments: "The teachings of history corroborate the statement of our judicious contemporary. The Washington Post. In the war with Spain, an army of 165,000 Spaniards in Cuba had to surrender to an American force of some 15,000 because the American navy controlled the sea. In the Transvaal war, if the Boers had been ten times as numerous as they were, they must finally have succumbed, because Great Britain had command of the sea."

1935: Plan to Partition Ethiopia Fails

PARIS — The Hoare-Laval plan [to cede more than half of Ethiopia to Italy] was pushed nearer the brink of its grave at Geneva by Anthony Eden, British Minister for League of Nations Affairs, who made it plain that England was no longer interested in the proposal which brought the downfall of Sir Samuel Hoare, Foreign Secretary, who resigned [on Dec. 18] in the face of bitter public opinion and a divided Cabinet. France's Prime Minister Pierre Laval has now resigned the plan's fate to the Council of the League, where there is no doubt as to the outcome. Meanwhile, Prime Minister Stanley Baldwin, with Sir Samuel out of the Cabinet, will ask for a vote of confidence from the House of Commons on a "full League policy" from which he swerved to approve the ill-fated plan.

Watch the Sky Above the Syrian Border

By Drew Middleton

WASHINGTON — The alarm bells are ringing again in the Middle East. Since late last month Syria has deployed a number of Soviet surface-to-air missiles on sites from which they could be launched against Israeli air force reconnaissance flights over Lebanon.

The Israelis claim that the deployments are a "dangerous change" in the status quo, and they have told the Syrian government so through the United States. The Syrians are sitting tight, apparently determined that they are not about to be ordered around by Israel. There is stubbornness and arrogance on both sides.

The danger lies in the possibility that SAMs will be launched the next time Israeli aircraft sweep along the frontier on one of their reconnaissance missions. If the missiles hit, as they are likely to do, the Israelis will retaliate, probably with air attacks on the missile sites.

There is then a real possibility of a renewal of the Arab-Israeli conflict that has torn the Middle East apart four times since the founding of the state of Israel. The tentative U.S.-supported movements toward a peace settlement will be tossed on history's ash heap.

The tendency in U.S. military circles is to believe that Israel would have little difficulty defeating Syria. This seems an exaggeration. Israel can whip Syria and, as long as Iraq is at war with Iran, any combination of Arab states. But it will not be easy, and the cost will be high.

The Syrians learned much from their defeat in the 1973 war and from their futile encounters with the Israeli army and air force during Israel's invasion of Lebanon in 1982. The primary lesson was that they could not hope to defeat Israel until the technological level of their forces approximated that of Israel.

That level has risen steadily. The missiles to which Israeli scouting aircraft are now exposed are Russian-built SAM-2s, SAM-6s and SAM-8s. The SAM-6 has a range of about 35 miles (56 kilometers) and is employed against aircraft at high altitudes. The SAM-8 is designed to take on low-flying attackers. The SAM-2 is the largest of the three, with a range of up to 35 miles.

All the evidence reaching Western intelligence sources is that these weapons are now manned entirely by Syrians instead of the Soviet technicians who serviced them when they first arrived.

There are also strong indications that the Syrian command, control and communications system, which failed lamentably in 1973 and 1982, has been revised and strengthened. The level of technical expertise in the air force, which now deploys about 500 combat aircraft, has also risen. Much of the improvement in the air force and the army, according to an Israeli colonel, is due to "several thousand Soviet military advisers

who are in practice responsible for preparing the Syrian army for war against Israel."

Syria's Defense Ministry did not rely entirely on the Russians, although they were vital in teaching Syrians how to use new tanks, aircraft and missiles. Technical training was expanded throughout the armed forces. Inducements were offered to experienced technicians to stay in uniform after their 30 months' service. The forces that would face Israel in any new conflict would be far more efficient and modern than those defeated in the last two encounters.

The Israeli air force, which has dominated the skies in the last four wars, probably would suffer heavier losses from more modern Syrian fighters and missiles, although it would prevail in the end.

Israeli air force operations are at the heart of the growing crisis. Every week the air force flies several reconnaissance missions over Lebanon. The Israelis say that the Lebanese government in Beirut cannot control the anti-Israel guerrilla groups in that country. But of course the Israeli aircraft do not confine their scrutiny to Lebanon.

The planes, usually flying close to the Lebanon-Syria border, photograph military targets in Syria as well. The Syrians know this and are angered. Hence the movement of their missiles and the mounting tension. The next Israeli reconnaissance flight will be a critical event in the history of the Middle East.

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Gimmickry That Serves A Purpose

By Hobart Rowen

WASHINGTON — Now that the budget-balancing gimmickry has been enacted into law, the Democratic Party must assess its responsibility for getting it through Congress.

Twenty-two Senate Democrats voted for the infamous bill, exactly equal to the 22 who had the guts to call it a farce. In the House, almost as many Democrats voted for it as against — 118 to 130. These Gramm-Rudman Democrats will have to live with their vote to dismember the old coalition of the left, labor, liberals and inner-city interests.

To be sure, some House Democrats succeeded in amending the original Senate bill to exclude from its automatic budget-cutting eight programs, including Medicaid and food stamps, that serve low-income families and disabled veterans. And a few Democratic senators — including Pat Moynihan of New York and Gary Hart of Colorado — bluntly told their colleagues that Gramm-Rudman was bad medicine and a shirking of their responsibilities.

But as a party the Democrats, in their new reliance on the political payoff of "fiscal integrity," were afraid to try to kill Gramm-Rudman. Meanwhile, President Reagan's willingness to accept Gramm-Rudman as his own lends credence to the charge, made by Senator Moynihan some weeks ago that from the outset the president and his first budget director, David Stockman, planned the big tax cuts of 1981, along with the boost in military spending, for the precise purpose of creating the deficit that would then allow the final assault on social programs. Senator David Durenberger, a Republican, refers to this as "denationalizing the financing of the public service."

No one has yet explained why a balanced budget should be a national goal. The goal should be to balance the economy, which should be both compassionate and competitive.

Representative Phil Gramm, the genius behind the revolution that takes budget decision-making out of the hands of congressmen, is candid about his goal: "The whole genius of the American political system is imposing limits on the power of govern-



ment. I think the American people want to control the growth and size and the expense of the government."

Mr. Gramm has brushed aside discussion of one basic weakness of his scheme: its inadequate provisions for dealing with recession. Since Herbert Hoover turned a recession into a depression by trying to cut government spending as an antidote to bad times, no national administration of either party has repeated that mistake. But Gramm-Rudman will require budget cuts even if the economy is limping along, say, at just a 2-percent real growth rate. In such a case, it would accelerate the downturn.

The economic consequences of the Gramm-Rudman process are among the major worries. According to Data Resources Incorporated, unless the Federal Reserve loosens the money supply considerably, the fiscal drag of deep, sudden budget reductions under Gramm-Rudman will push the unemployment rate sharply higher, to over 9 percent in 1987 before it retreats to around current levels.

Mr. Gramm serves notice that he will be back next year trying to get the eight exempted low-income and veterans' programs under his budget-cutting knife. He is on the way to success in achieving his pet goal —

eliminating government services — unless the courts declare the whole business unconstitutional or a new Congress comes to its senses.

The folly of the whole exercise of budget-balancing by a blind formula is matched only by the deception symbolized in 1981 by the Laffer supply-side curve that was supposed to yield greater tax revenues and ample national savings out of lower tax rates. What supply-side economics produced was the giant deficit that curbed the flow of savings, sapped the Democratic Party's resolve and now gives us Gramm-Rudman.

The Washington Post.

This Budget-Balancing Medicine Is Poison

By Senator Gary Hart

The writer is a Democrat from Colorado.

WASHINGTON — Supporters of the so-called Gramm-Rudman amendment claim that it merely forces Congress to "do its job right."

If Congress meets the mandatory deficit-reduction targets — the president will not need to intervene to impose across-the-board cuts. But Congress did its job this year. It produced a budget that would have cut \$55 billion from the deficit. And President Reagan walked away. He rejected a Republican-sponsored proposal to reform Social Security and impose an oil-import fee.

Under Gramm-Rudman, budgets will not just be strong medicine, but

hemlock. In 1988, with a budget in excess of \$1.2 trillion and an available pool of \$500 billion from which to cut, the amendment calls on Congress to cut \$35 billion — if the economy is healthy. What happens if the economy is in a recession in 1987? Required budget cuts in 1988 could then amount to \$164 billion, meaning a 30-percent cut in nuclear-plant inspections, in salaries for the armed forces, in funds for law enforcement, in student loans, and so on.

The effect on national defense is particularly severe. The Congressional Budget Office estimates that to

cut one dollar in defense spending the government would need to cut at least two dollars in Pentagon programs. Because of the unique nature of defense contracting, one senator has estimated that Gramm-Rudman could result in a 25-percent reduction in total defense spending. Worse, the Reagan administration has already declared its intention to protect nuclear weapons from reductions. This leaves conventional fighting forces and readiness in real jeopardy.

The havoc of Gramm-Rudman will not be limited to the Defense Department. It prevents Congress from establishing and meeting budget priorities such as education, training, industrial modernization and other investments in the future. The purpose of the budget should be to strengthen the economy and defense. Gramm-Rudman may well result in the death of the very programs that enhance competitive capabilities.

The president and Congress have now established a scheme that will lead to a new form of gamesmanship within the federal government. We will see artificially high budgets designed to embarrass the president into exercising the veto or to apply across-the-board cuts. Some programs may receive inflated budget allocations so that the originally desired level can be obtained despite a percentage reduction.

But if the goal is a competitive economy and investments in our future, then all budget cuts are not equal. This sham of a budget plan proposes to cut equal parts from fat and lean, from special interest and national interest, from competitive minds and protected constituencies. Gramm-Rudman arose in the absence of a viable Democratic alternative, but it has taught many Democrats a lasting lesson. Those outside the party should not count on the disarray of this year to last into the next. The Republican Party may control the rules and the process, but if Gramm-Rudman is their vision they will not control the future.

Los Angeles Times.

A Grayness in the West at Year's End

By William Pfaff

PARIS — Today's debates on domestic as well as foreign policies in the West tend to be instrumental ones, about how best to do self-evidently desirable things. Everyone is in favor of arms reductions, better East-West relations, a stable international economy and reduced unemployment, inflation and debt. The question is how to do it. The values of society itself, the great social choices that have been made, are mostly uncontested.

It is fairly recent that this has been so. The Communist parties of Italy, Spain and France, the most important radical challengers of established Western values in recent

years, once possessed church-like intensity. They evoked commitments resembling that of religion. They were photographers' negatives, so to speak, of the institutionalized and atrophied Latin Catholicism of the late 19th and early 20th centuries. They, too, preached the message of another world.

It is no coincidence that Militant Tendency, the left-wing faction inside the modern British Labor Party, resembles nothing so much as an evangelical and revivalist sect in the English tradition of religious dissent. The theologically desiccated Anglican Church itself has increasingly taken up the causes of secular reform, a phenomenon also evident in the Catholic Church.

The more weakened or absent religion is in a society, the more people look for secular substitutes, attributing to movements of material reform the power to transform human relationships. People think that a crusading movement of the left or new right, or a revolutionary cause, will be able to solve not merely social distress but individual human grief and mystery as well.

The crusades today, though, are on the margins of society. European communism is a spent force. Radical movements are largely discredited, which explains why some resort to bombs to make their argument. The old causes are won — which, of course, is a good thing. Economic justice was the single greatest moral issue behind the political dissent of late 19th and early 20th century Europe and North America. By now the struggle over wealth's distribution has been tempered in the Western democracies

came to power on a near-evangelical wave of opinion that demanded not only military strength for the country, national pride, but moral elevation, national virtue. The Reagan program of individualism and economic liberalism has in practice produced an orgy of materialism and fraud; companies looted for executive gain or wrecked for the sake of fiscal manipulation; family farms ruined; high officials indicted for economic crimes. The Democratic opposition, which had its moral confidence broken by Vietnam and the Iran hostage crisis, still searches for a *deus ex machina* — even in the compromised guise of Edward Kennedy.

It is a bad time when Britain's Trotskyites, wild men as they may be, seem the only ones truly determined to change their static, class-crippled society — the only ones except Margaret Thatcher, who has had her chance, and, like Mr. Reagan, has seen her principles mocked by financial realists in the heart of the conservative establishment.

The Greens are the ones in West Germany who care deeply — about the wrong things, perhaps, but in stark contrast to the moral grayness of a society which, its virtues conceded, remains grotesquely complacent about those virtues.

We approach the end of 1985 with an ideological flatness in the West, great experiments exhausted, dissent marginalized, debate deadened. The moralization of politics has done great harm in modern history, producing movements closed to compromise or reason; but at the same time it is impossible for nations to live without a conviction of moral direction, of generosity and purpose in national life.

When there is no vision, the people perish," the prophet warns. Well, one hopes that it does not come to that. Nonetheless, in today's moral climate the warning justifies a thought or two.

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Can Donors Get the Act Together?

By Giles Merritt

BRUSSELS — When four Reagan heavyweights turned up in Brussels this month for talks with the EC Commission, there was something they forgot to mention. Missing from the agenda put forward by Secretary of State George Shultz, Commerce Secretary Malcolm Baldrige, Agriculture Secretary John Block and Trade Representative Clayton Yeutter was an idea (hatched by American and European on development aid projects in the Third World).

The sad case of the U.S. proposal, that-never-was affords some interesting insights into the political pitfalls that surround the whole subject of aid. The straightforward aim was to stop U.S. and EC donors of approaching \$30 billion a year in development aid from tripping over one another. Unfortunately, the proposal touches raw nerves on both sides of the Atlantic, and for that reason risks being buried by the bureaucrats.

A new framework of six-monthly coordination meetings, say U.S. experts, could help disentangle the aid muddle created by competing national and international agencies. At least it could head off overlaps. The fact is that has drawn world attention to Africa's plight has also underlined the chaotic mess that the many separate relief efforts are creating.

A few months ago, when the rains finally came to Sudan, they washed away vital railway installations. Three teams of engineers were rushed to the scene. One from the United States, one from Britain and the Netherlands for a job that needed but one. They discovered each other's existence only when they met on site.

The proliferation of fact-finding and other missions from aid donors is overstretching many Third World governments' administrative resources. Botswana moved to halt them altogether after receiving 175 non-essential missions in a single year. One of the poorest West African states, Burkina Faso, has found itself swamped by more than 300 such missions in a year.

There is, too, a pressing need to make the rich countries' aid go further. The OECD's Development Assistance Committee says that by 1990 aid spending will have risen only \$5 billion to \$35 billion a year because aid budgets are being increased by 2 percent a year as against a previous average of 4 percent. The slowdown coincides with a deterioration in the position of many Third World countries, particularly in Africa.

By the year 2000, reckons the U.S. Agency for International Development, the population of the 46 countries of sub-Saharan Africa will have doubled in 20 years to 680 million. Of the present 400 million people there, something like 180 million in 34 of the countries suffer from such fundamental shortages as a growing scarcity of firewood. Meanwhile, only about 10 percent of the African workforce has a salaried job. More efficient agriculture remains the key to survival, and development aid rather than emergency food aid is needed to bring about the "green revolution" that will enable Africa to feed itself.

U.S. support for some sort of aid coordination mechanism reflects Washington's realization that its involvement in Africa is doomed to increase. Until lately the United States tried to keep policy fairly clear of Africa and had left aid largely in the hands of the post-colonial European powers. But this year's big famine relief effort is already bringing a major new American involvement in development aid.

Why was the idea for regular U.S.-EC contacts on Third World development policy not raised in Brussels on Dec. 13? Closer coordination has been urged this year by people at the top of the World Bank, UNCTAD and the OECD, but the pressures against setting up even an informal communications mechanism prevail.

On the American side, officials don't fear that a U.S.-EC forum on aid could somehow affect the simmering trans-Atlantic free trade dispute over the subsidized cereals exports that both sides are threatening to unload onto the world market. In Europe there is a view that U.S. development aid is more politicized than the Communists', and there are suspicions that Washington might one day wish to use an aid policy forum for superpower politics.

The Community has some practical doubts as well, having yet to achieve genuinely close coordination between the national aid schemes of member states. In recent years it has been asked to consent some of its African development aid projects with those of Japan, but it dropped the scheme as unworkable.

Despite these various objections, most people would probably conclude that the countries that provide about 90 percent of all Third World development assistance should get together to streamline their efforts.

International Herald Tribune.

LETTER TO THE EDITOR

People and the Deserts

In response to the comment by Farouk El-Bar on deserts (Dec. 3 and 4), it needs to be emphasized that there is a difference between ancient geological deserts, shaped by climate and geology, and those partly caused by man in more recent times through inadequate or excessive use of natural resources. Drought reinforces this latter process, but desertification continues even without drought.

People cannot be blamed for seeking food, energy and income, but those who are the main causes of desertification. Several agricultural sectors have yet to receive an adequate package of technologies.

Much can be learned studying nomads and farmers in desert condi-

tions. The key notions are diversity and flexibility of responses, and mobility of population. An integrated approach is needed in agricultural plans. Economic development should be coordinated with conservation measures of desertification control.

The need to learn to live with desert and drought was emphasized in a 1982 report by the Economic Commission for Africa. The selection of drought-resistant plant varieties should be continued. Water policy should be diversified. Planning is needed for food production and reserves. An energy policy needs to be introduced. And an international center should link all the parameters of the desertification process.

GEORGES NOVIKOFF, Tunis.

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BM-Europe and Cassani: All Systems are on Line

By Joseph Fitchett

International Herald Tribune

PARIS — As one of Europe's

most profitable corporations and

one of its biggest taxpayers, IBM-

Europe might feel entitled to ask a

question of political and business

leaders: Why can't Common Mar-

ket companies act more like IBM?

Why can't they too emphasize mar-

keting and organize production on

Europe-wide basis?

In fact, some European compa-

nies are starting to do just that.

A true European company

would operate in a very similar

way to the European subsidiaries

of U.S. corporations," says

John Wilmut, until recently head

of ICL, Britain's major competitor

of IBM. "The key difference would

be that the major wealth creation

and management decisions would

be made in Europe," he adds.

David Cooksey, a venture

capitalist whose Advent company

is based in London, "If you don't

invest in several countries at once,

you don't achieve critical mass, you

can't survive counterattacks by big

U.S. and Japanese competitors."

IBM's profitability in Europe

comes from its ability to achieve

marketing power seldom matched

by its competitors. "We treat West-

ern Europe as one entity, so we get

economies of scale," explains

Kaspar V. Cassani, the chairman of

IBM-Europe. "Our plant in Moun-

tailler, France, makes all of our

mainframe computers for Europe, our

mainframe in Greenock, Scotland,

makes all the personal computers."

A full explanation of this ap-

proach comes from Jacques Mai-

surong, Mr. Cassani's predecessor

as IBM-Europe. "We treat West-

ern Europe as one entity," he says.

IBM began to reduce tariff barriers

among European countries, IBM

opened eight factories in the six orig-

inal member nations — France,

Germany, Italy, Belgium, the

Netherlands and Luxembourg.

Most of the factories were making

the full range of IBM products and

many of them were notably profit-

able.

The solution was to assign each

IBM product to a single factory,

which manufactured it for the en-

tire EC.

"Discussions were difficult be-

cause factory and government offi-

cials in each country wanted their

own plant to make the most profit-

able products, but we succeeded in

posing a reorganization because

of a European management,"

book relates.

"It is a clear how-to lesson about

marketing in the Common Market,

and it's harder to make Siemens,

Philips and Bull work together than

U.S. subsidiaries," it says.

Functionalism has long charac-

terized IBM-Europe. At the sky-

craper outpost of La Defense,

Paris, the books in Mr. Cassani's

office are all international

business Machines publications.

A desk is here except for his ap-

pointment calendar and a wooden

calculator, invented in the

19th century by the French philoso-

pher Pascal.

This sparseness is part of his style.



Kaspar V. Cassani

He has a bifocal view of industrial

Europe, seeing it partly through

U.S. eyes as an IBM senior vice

president who frequently visits cor-

porate headquarters in Armonk,

New York, and partly as a Swiss-

born executive widely recognized for

his sensitivity to Europe's cor-

porate practices and problems.

"The big debate on multinational-

ism is over" in Europe, he insists.

"In the mid-1970s, when a big, in-

novative multinational was suc-

cessful, it was the devil. We don't

hear that any more."

An aide adds: "Nobody kids

themselves any longer that they

might be able to re-create their

world without IBM."

The world of IBM-Europe com-

prises 83 countries, including many

in the Middle East and Africa, but

its lucrative markets are concen-

trated in Western Europe. The re-

venue has not deterred IBM-Eu-

rope's profits: nearly \$2 billion last

year of IBM's total, \$6.58 billion,

up from \$5.5 billion in 1983.

IBM employs more than 90,000

Europeans in 13 plants and 6 re-

search centers in the EC and last

year it bought nearly \$2 billion

worth of products from 37,000 Eu-

ropean subcontractors. IBM is also

one of the largest European tax-

payers with a total bill of \$1.2 bil-

lion last year in the EC.

Mr. Cassani's confidence that

Europe accepts IBM is rooted in a

conviction that "the syndrome of

defeatism in Europe is gone."

In the last two years, many Eu-

ropean electronics firms, whose

sales were aided by a strong dollar,

have invested heavily in computer-

integrated manufacturing facilities

for microchips, he points out.

To make modern micro-elec-

tronics, Mr. Cassani continues,

companies must rely increasingly

on electronic tools. Computer-aid

design not only saves millions of

hours in planning products but also

simplifies manufacturing. When

IBM used computers to redesign an

electric typewriter, it reduced the

number of parts by two thirds and

cut assembly time from a half day

each to a half hour.

IBM's commercial success, both

in Mainframe and Mr. Cassani

stress, is chiefly due to an emphasis

on marketing.

Generally in Europe, says a man-

agement expert at Battelle Insti-

tute, a Geneva-based consultancy

group, "marketing and research de-

partments tend to be kept apart,

whereas in IBM and other U.S.

companies there is constant inter-

play, making them more produc-

tive."

Like virtually everybody else in

the top IBM echelons, Mr. Cassani

— who has spent his entire career,

34 years, with the company —

came up through sales and market-

ing.

He expresses surprise that Euro-

peans are not more enthusiastic

about the potential of their com-

'Battle of the U.S. Titans' Hastens Technological Revolution

(Continued from Page 1)

tions activities of the state-owned

conglomerate Istituto Riccostruc-

zione Industriale.

In West Germany, IBM is work-

ing with the state-run Bundespost

to develop a videotex system pro-

viding information on home televi-

sion screens. In Britain, however,

IBM was foiled in an agreement

with British Telecom on a value-

added network, or VAN, that

would have provided computer-

based services nationwide by

phone.

Charging that this combination

of IBM and the demoralized

phone company would have over-

powered any competition, the

British government vetoed the deal.

Despite the setback, IBM has not

given up its ambition of going be-

yond selling such hardware as per-

sonal computers. Businessmen see

IBM positioning itself to play a

major role in helping develop Eu-

rope's emerging computer-based

communications systems.

"IBM has chosen the smart way

in, through VANs, and avoided try-

ing to crash into the market for

public network switching, which

would bring them head to head

with the PTTs," Mr. Darmon says,

referring to the public phone net-

works generally run by state-owned

PTTs.

In Asia too, both U.S. corpora-

tions are increasingly active. IBM

plans a VAN with Nippon Tele-

graph & Telephone, Japan's former

telephone monopoly, which be-

came a private company this year.

AT&T has already teamed up in

Japan with Ricoh to make small

phone networks and belongs to a

joint venture, involving 16 Japa-

nese companies led by Mitsui, to

provide telecommunications ser-

vices. AT&T also has two joint ven-

tures in South Korea with Lucky

Gold Star, one to make fiber-optic

cables, the other to make semicon-

ductors.

This strategy of alliances is a

departure for IBM and AT&T,

both of them longtime corporate

loners.

The change was triggered by

U.S. court decisions — unrelated,

but made coincidentally in 1982 —

to break up AT&T's phone mono-

poly and drop antitrust action

against IBM. The court decisions

accelerated the companies' move-

ment into each other's business.

Traditionally, IBM built ma-

chines, AT&T carried messages.

Today, both computers and tele-

phones operate with the same

parts: microchips and software

programs of instructions. So AT&T

now sells computers and IBM mar-

kets communications networks to

accompany its computers.

Only AT&T and IBM are big

enough to provide customers with

huge, often global, networks feed-

ing off computer power. But the

costs of inventing, developing and

manufacturing these products will

be so high that companies require

global sales to recoup their invest-

ments.

Europe cannot escape the shock

wave.

"Once they started merging

phones and computers, everybody

else had to follow," Thomson's Mr.

Darmon says.

Maria Bellisario, the head of

Italy's STET, concurs. "When they

moved, we had to," she says simply.

She acknowledged at a conference

in London this month that her

company's survival depended on

developing stronger international

ties in the next five years.

This need for a broader base is

true even for the titans. AT&T,

whose renowned research estab-

lishment, Bell Labs, made possible

the modern computer by inventing

the transistor in 1947, and IBM, the

world's most profitable company

with \$6.58 billion in earnings last

year, need help in developing the

new telecommunications technol-

ogies.

"They are embarked on a series

of mega-alliances," says a U.S. spe-

cialist at the Organization for Eco-

nomics Cooperation and Develop-

ment, which groups the leading

non-Communist industrial powers.

The political dimension is that

they need the European ventures to

find a foothold in what is still largely

government-controlled and will re-

main a highly political business in

the Common Market."

So far, "the battle of the titans"

has not been fully understood, ac-

cording to numerous recent inter-

views with businessmen, analysts

and political leaders.

"Many Europeans still do not

comprehend the fierceness and im-

plications of the battle and the

fact that Europe is caught in the

crossfire," Robb Wilmut, until re-

cently head of Britain's ICL, told

electronics executives and govern-

ment officials at a conference in

Brussels last month.

They were reviewing Esprit, a

year-old research program to help

European companies and research

institutions cooperate to close the

technology gap with the United

States and Japan in computers and</

WANTED



Can you help us find the original of this portrait of James Gordon Bennett, Jr. by Henri Gervex, painted in 1903? As part of the preparations for the International Herald Tribune's 100th anniversary in 1987, we are researching our own history: looking for all documents, letters, files, etc. relating to the paper from its birth in 1887 as the European edition of the New York Herald (often known as the "Paris Herald").

We invite anyone with knowledge of the history or current whereabouts of the above painting of the founder and first publisher of the European edition to contact:

Ruth Levy,
International Herald Tribune
181, Avenue Charles-de-Gaulle
92521 Neuilly Cedex.
Tel.: 47.47.12.65. Telex: 613595.

By Walter Sullivan
New York Times Service

SCIENTISTS are testing and using techniques that go far beyond those of conventional optical or electron microscopes, enabling them to see the most intimate structures of living and nonliving systems. In ways never before possible, scientists can magnify and examine the surfaces, internal structures, even the atomic compositions of specimens, including living cells.

While the original microscopes used light waves, these powerful new devices use a variety of technologies, including beams of sound waves, X-rays, polarized electrons or the nuclei of various atoms. Although most of the advances depend on illumination of specimens with high-energy particles, there is much excitement over approaches that use visible light and therefore do not damage living specimens. Electron microscopes "try" the subject with electron bombardment.

One visible-light method, developed by Alan Boyde at University College in London, produced the first three-dimensional pictures of highly magnified subjects: A series of sharply focused images is obtained at successive depths, then, as described in the journal *Science*, the images are stacked for a three-dimensional effect.

At Cornell University, Michael S. Isaacson and colleagues have devised a way to produce images showing details far smaller than the wavelength of light used to scan the material. The trick is to produce an extremely narrow beam of light by passing it through a hole whose diameter is only one-tenth to one-twentieth the light's wavelength.

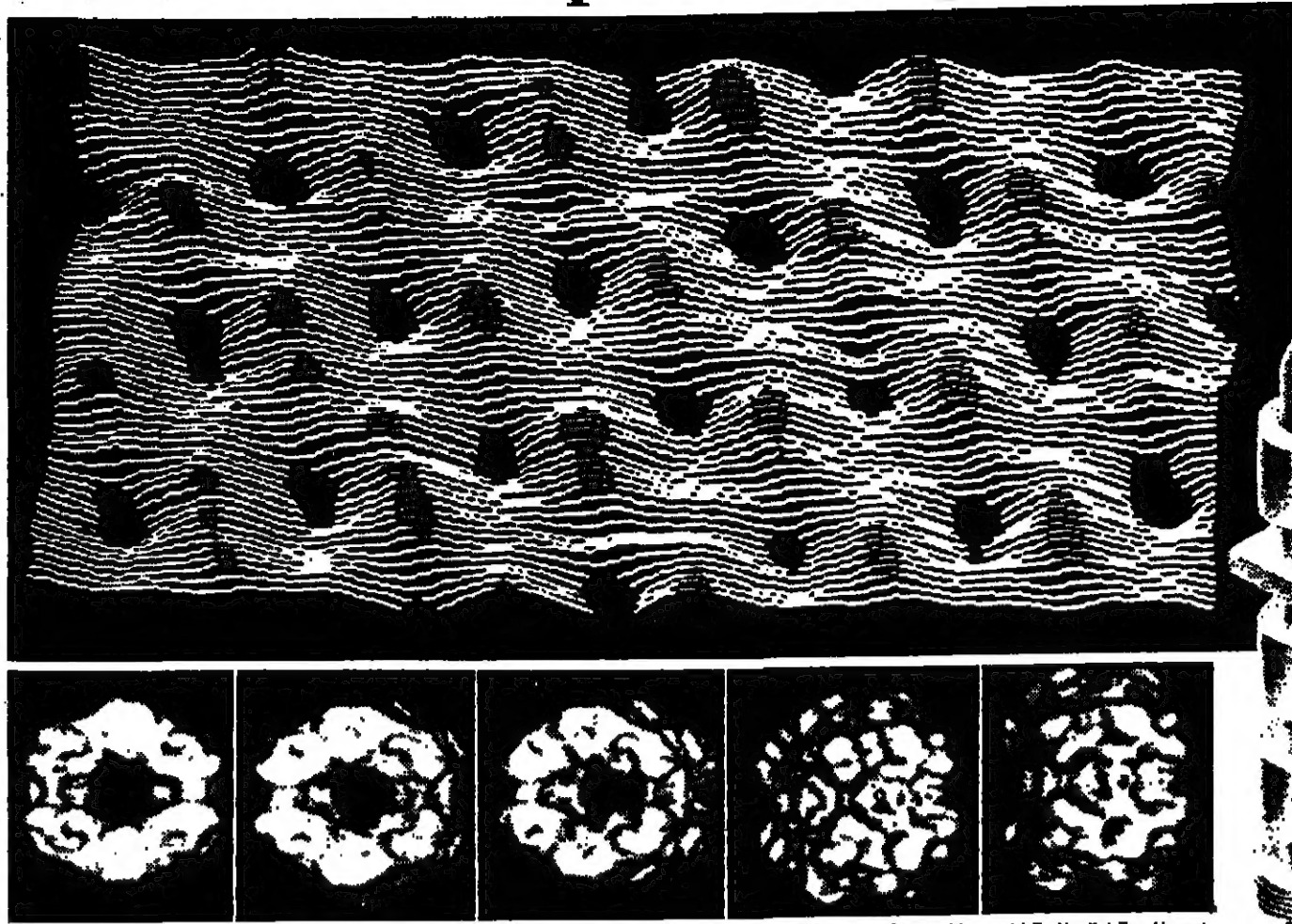
Most of the new approaches depend on illumination with radiation whose wavelengths are far shorter than those of visible light. The invention of the electron mi-

croscope in 1932 made use of two critical discoveries. One was that electrons moved through space in a wavelike manner, their wavelengths depending on their energy; high-energy electrons have wavelengths far shorter than those of light. The other discovery was that a magnetic field could focus electrons as a lens focuses light.

In the transmission electron microscope, the first type developed, a beam of electrons is fired through a thin slice of specimen, just as light passes through a specimen in a conventional microscope.

Material in the specimen scatters the electrons, producing an image that can then be enlarged by the "lens" of a magnetic field, and recorded. An image must be obtained, however, before the electrons alter the specimen. The results are two-dimensional.

The scanning electron microscope, which came into widespread use in the 1960s, creates a three-dimensional image, not from electrons fired through the specimen



Top, graphite surface viewed by IBM microscope in Zurich; below, hemoglobin molecules from earthworm blood, at various angles. Drawing shows scanning transmission electron microscope being built at University of Chicago.

but from secondary electrons released from the specimen's surface by the electron bombardment.

A new approach, combining features of both types, is the scanning transmission electron microscope. The most ambitious version is being built at the University of Chicago under the direction of Dr. Albert V. Creve, a pioneer in microscope design. It is a refinement of a device he completed in 1966 and subsequently upgraded; with it, he was first able to produce images showing individual atoms.

The new version is designed to reveal chemical properties as well as to distinguish objects only 0.6 angstroms apart; an angstrom equals one ten-billionth of a meter. Magnification by light microscopes is limited because wavelengths of visible light are measured in thousands of angstroms. The wavelength of an electron accelerated to 100,000 volts is 0.04 angstroms. Atoms in a crystal are two to five angstroms wide.

The most powerful such existing device is at the Lawrence Berkeley Laboratory of the University of California. Its resolution — defining the smallest scale at which it can observe — is 1.6 angstroms. The existing Chicago machine achieves 2.4-angstrom resolution. It can examine the atomic structure of such substances as the hemoglobin in earthworm blood.

The multimillion-dollar project to achieve 0.6-angstrom resolution depends on high technology. A deep vacuum must be maintained to prevent electrons from being scattered by molecules of air, and the electron beam must be kept within a narrow energy range to prevent the blur of multiple images caused when electrons of different energies are bent to different degrees by the magnetic lens.

The greatest challenge is to compensate for the spherical aberration that has blocked progress toward greater magnifications. Such aberration occurs because electrons bent by the spherical configuration of a magnetic lens focus on a line, rather than a point. The distortion becomes increasingly serious at the very short wavelengths needed for great magnification. Dr. Creve has devised a system of sextupole, or six-pole, magnets to correct for this effect. To be free of magnetic

asymmetries, the sextupoles must be fashioned to extreme precision from iron that has been melted in a vacuum to draw off impurities, and hammered in a special forge to eliminate large crystals. It is hoped that the microscope will be ready for testing next summer.

Other new approaches are those using X-rays of relatively long wavelength to show very tiny structures without destroying them. This technique was used in 1983 to obtain the first X-ray image of a living cell. The resolution was 75 angstroms, almost enough to show individual molecules.

Early this year, Ralph Feder of IBM and his colleagues presented in *Science* a series of "flash" X-ray images showing living blood platelets reaching out with "pseudopods" that bound them to other platelets — the process that leads to blood coagulation. The specimens had been placed on top of X-ray sensitive material and exposed to a flash of X-rays, producing a shadow image on the X-ray-sensitive material that was then viewed



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technique, which can achieve a resolution of about two angstroms, will enable researchers to study corrosion and other metal surface reactions on the smallest scale.

The acoustic microscope, under development at Stanford University and elsewhere, offers special advantages in that its images reflect the mechanical qualities of the specimen: density, elasticity and viscosity.

Another approach is the scanning ion microscope, developed by Riccardo Levi-Strauss at the University of Chicago in conjunction with Hughes Research Laboratories.

Instead of electrons, it fires a beam of ions, or atoms that have shed some of their electrons, at the specimen. The ions are usually those of the metal gallium. This not only maps elements of the specimen with a resolution of about 400 angstroms, but indicates which of their isotopes are present.

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IN BRIEF

Comet Brightness Laid to Water Loss

WASHINGTON (UPI) — As seen from Earth, Halley's comet has been surprisingly bright in recent weeks, and the first observations from space suggest that the cause is water boiling off its icy nucleus faster than expected.

Professor Paul Feldman of Johns Hopkins University, a member of a team of scientists operating an astronomy satellite called International Ultraviolet Explorer, said the comet was losing four tons of water a second when it was 170 million miles from the sun. He said satellite data showed the water loss rate to be three times greater than expected.

In a related development, astronomers at the University of California at Santa Cruz and NASA's Ames Research Center, using the Lick Observatory's 120-inch Shane telescope, reported that ice particles had been detected around the comet.

Temporary Pacemakers Put in Pills

ANN ARBOR, Michigan (AP) — A temporary pacemaker in a pill has stabilized heartbeats or improved medical diagnosis in 43 patients, according to University of Michigan researchers.

The device paces the heart temporarily and helps doctors diagnose cardiac ailments without forcing patients to exercise to raise pulse rates, said Professor Janice Jenkins of the university's Department of Electrical Engineering and Computer Science. She said the device can also control rapid heartbeats.

The pacemaker, an electrode, is placed in a gelatin capsule attached to a thin, insulated line and is swallowed. The doctor lines the capsule up near the left atrium, where the electrode can be stimulated to stabilize the heartbeat or increase it temporarily for tests.

Hemoglobin Found in Ancient Bones

WASHINGTON (NYT) — Fragments of hemoglobin have been detected in the bones of humans who died as much as 4,500 years ago, Italian medical scientists report. Using advanced immunological methods, the researchers found traces of hemoglobin in bones from early Roman times and the Bronze Age.

The purpose was to test the possibility of using traces of the blood substance in archaeological research and in studying the ancient history of diseases such as the blood disorder *sickle cell anemia*.

Though the ability to detect hemoglobin varies with time and probably the conditions to which the bones were exposed since burial, traces of hemoglobin could be found in modern and ancient specimens, according to a report in the *Proceedings of the National Academy of Sciences USA*

U.S., China Plan Project on El Niño

WASHINGTON (AP) — A U.S.-Chinese project to investigate the causes of the El Niño phenomenon, which can disrupt weather around the world, will start in January, the National Oceanic and Atmospheric Administration has announced.

As part of the international Tropical Ocean-Global Atmosphere program, or TOGA, Chinese and American scientists are scheduled to embark from Honolulu Jan. 5 on the Chinese research ship *Xiangyanghong 14* and end the project Feb. 10 in China. It is the first of eight planned Chinese research cruises in the next four years.

El Niño occurs about every seven years, marked by a reversal of trade winds and changes in ocean temperature in the Pacific. The scientists will measure the water temperature and the variations in heat of currents along the Equator. They will also measure the currents and subsurface temperatures and take weather readings.

Galilee Water Reaches 37-Year Low

TIBERIAS, Israel (UPI) — The water level in the Sea of Galilee is the lowest in 37 years and, this season, normally the rainy season, has been the driest in 60 years, scientists have reported. They said several settlements and villages in Galilee faced a shortage of drinking water.

ADVERTISING SECTION

ADVERTISING SECTION

MAURITANIA

25 Years After Independence

Donors React Favorably To Economic Recovery Program

Scarcely a year after Colonel Maouya Ould Sid'Ahmed Taya came to power on December 12, 1984, Mauritania's new team of economic planners have chalked up several early points toward positive reform.

By their own admission, much remains to be done. But a new Economic Recovery Program (ERP), covering the 1985-1988 period, was adopted already last July, and Mauritania's donors — both bilateral and multilateral — have demonstrated their favorable reaction to it.

A year ago, the economy was clearly on a downward spiral, burdened with desertification, drought, low world prices for iron ore, a huge debt-service bill of 2 billion ouguiya (\$31 million) in 1984 alone, a 2.8 billion ouguiya 1984 budget deficit and heavy shortfalls in the trade and current-account balances.

While recognizing that some of the causes of the country's economic woes are external and beyond Mauritania's control, the ERP acknowledges that other causes — for example, bad management and ill-chosen investments — can be corrected with appropriate policies executed at home.

Investment is to be "moderated" — a clear reference to vast sums of iron-ore revenue sunk by earlier economic decision-makers into white-éléphant schemes in the late 1960s and early 1970s. And priority will go to the productive sectors and to maintaining and rehabilitating existing projects rather than starting up new ones. Fishing, agriculture and minerals come in for special attention.

The World Bank has given Mauritania a significant vote of confidence. Its concessional-lending arm, the International Development Association (IDA), has this year granted \$29.15 million in credits for three sectors: agriculture, industry and public enterprise. The largest component, \$16.4 million, is to help Mauritania restructure and rationalize the loss-making public-

sector companies by, in the World Bank's words, "reorganizing, privatizing and closing down enterprises." This \$29.2 million project is co-financed by France's Caisse centrale de coopération économique (CCCE) and Fonds d'aide et de coopération (FAC) and by the European Investment Bank and the European Development Fund.

The International Monetary Fund (IMF) also came through with a one-year standby arrangement of \$12.95 million, which expires on April 11, 1986. Mauritania has encountered no trouble in actually receiving the payments of this sum — a further indication that the IMF is satisfied with the country's economic policies.

Once the IMF facility was in place, the way was clear for the World Bank to assemble other donors and creditors in Paris to discuss Mauritania's financial requirements. A sort of mini-consultative group meeting on March 12 and 13 had listened as Mauritania's Finance Minister, Mr. Anne-Adamou Babaly, outlined the ERP and then, according to a World Bank communiqué, "stated their conviction that Mauritania could, over the medium term, overcome its present financial problems." Saudi Arabia alone pledged a direct grant of \$30 million at that meeting, and donors agreed to reconvene for a full consultative group meeting by the end of the year.

At the request of the Mauritanian government, the World Bank agreed to open a resident mission in Nouakchott in September. Conscious of the crippling effect of such a large debt-service burden, Western creditor governments convened a two-day Paris meeting on April 27 and agreed to reschedule 90 percent of payments of principal and interest due between December 31, 1984, and March 31, 1986: repayments will begin in 1989.

The largest share of ERP spending — 35 percent — is earmarked for the rural sector, and while some attention to infrastructure is envisaged, especially in the form of rehabilitation and maintenance of existing facilities, the primary emphasis is on projects likely to create revenue quickly. Both field crops and livestock-raising are to receive a boost.

Water is the critical factor in Mauritania's efforts to grow more of its food needs locally. Two-thirds of the country is Sahara desert, and much of the remaining third is marginal Sahelian land very much dependent on good rains. Until 1983, Mauritania had had precious little rain. This year, more rain fell than in any of the previous 17 years, which helps tremendously in the short term, but very little over the long term.

Agriculture is very much concentrated in the Chenoua, a narrow fertile crescent in the south of the country, along the Senegal River. It is seasonally inundated when the river overflows its banks. Cereal crops — mostly millet and sorghum — may have

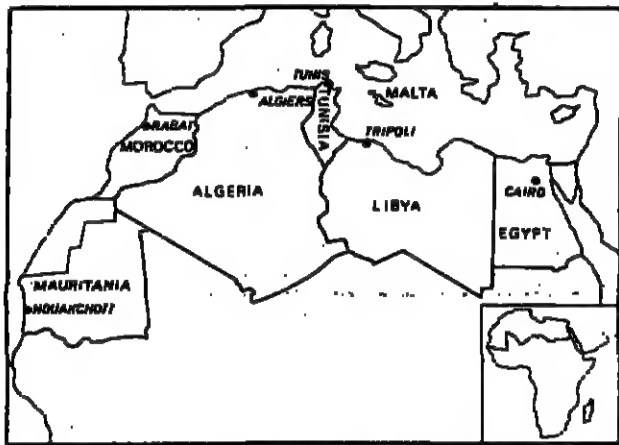


Traditional Mauritania, symbolized by the open tent, is complemented by projects geared to fortify its economic viability.

tripled in 1985, from 20,000 metric tons in 1984 to an estimated 60,000 metric tons this year. But to bring about stable production levels, the Senegal must be harnessed. Mauritania belongs, along with Mali and Senegal, to the Organisation pour la mise en valeur du fleuve Sénégal (OMVS), which is now building two dams that will irrigate more than 400,000 hectares and will curb salt-water incursion, a serious problem in dry years, when the volume of water in the river is too low to prevent salt water from washing back from the Atlantic and damaging crop land. Completion is targeted for 1990.

The focus now, though, is on small-scale irrigation. \$8.2 million of the IDA credit this year will help finance pumping sets and other equipment necessary to irrigate 75 farm plots of 20 to 25 hectares each, under a \$10.8 million scheme expected to increase cereal production by 10,000 metric tons a year and to benefit some 2,900 farm families at Kaedi and Gouraye. The Rome-based International Fund for Agricultural Development (IFAD) is co-financing. The French are co-financing 82 plots of similar size at Boghe. If these schemes succeed, drought may never again take quite so high a toll on the Mauritanian economy.

— Linda Van Buren



Developing the Iron and Steel Industry

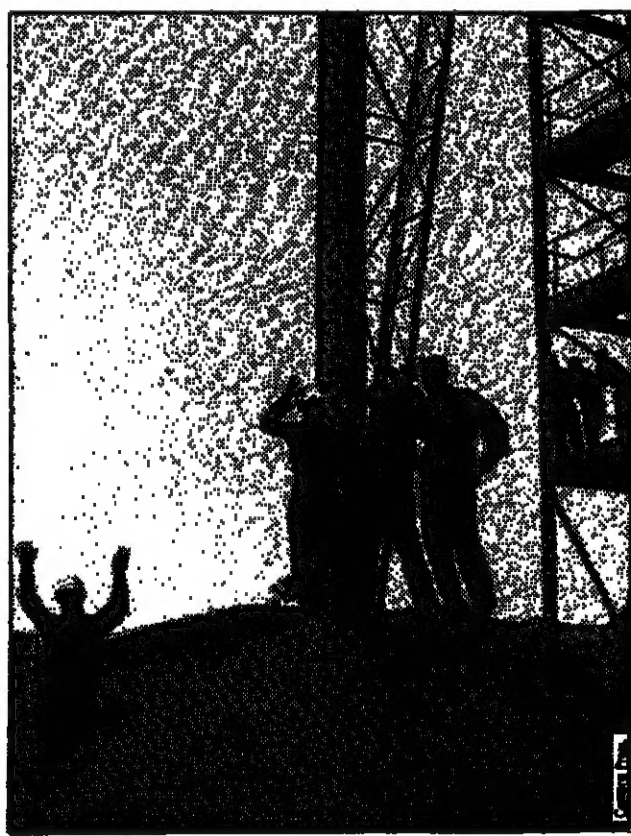
Mauritania has comparatively large mineral resources in its subsoil and can therefore be considered a mining country. Top priority goes to developing this source of wealth and gradually increasing its value-added factor.

Mauritania's long-term goal is to set up a complete iron and steel complex. This first stage of the processing of iron ore would involve private management or ownership, a possibility currently being studied by several Arab states.

The aim of SAFA (Société arabe du fer et de l'acier en Mauritanie) is to be an iron and steel processing center in West Africa. It has initiated conventional iron and steel production in a country where the market is comparatively small. It started with electric furnaces and now has a small one which produces consumer goods of generally high quality, such as iron rods and steel sections for Mauritania and the West African sub-region. SAFA has laid the groundwork for an iron and steel complex which it intends to develop, if only as a training center in iron and steel production.

SAFA is the first and only electric steel organization in West Africa. Senegal is the principal market of the West African Economic Community (EAO). The CEAO is interested in SAFA because of its proximity and the vast trade possibilities. The market there appears wide-open. There remain a few problems concerning the range of SAFA's products, but Mauritania is on the way to solving them since it began with its own domestic needs.

The CEAO market is SAFA's natural export market,



Mineral resources are mostly located in the north.

given its proximity and trading contacts, not to mention the fiscal advantages stemming from agreements concluded with the CEAO. These agreements, though they present certain difficulties, give Mauritania certain advantages in the international market, provided they are carried out to the letter by the parties concerned. Mauritania is planning to break into this market in a big way. In the years ahead, it hopes to acquire a large share of this market, currently estimated at some 100,000 tons per year.

The present unit, with a capacity of 36,000 tons per year, can easily sell its surplus production after satisfying the Mauritanian market. Mauri-

ghreb. The cooperation has been most fruitful.

The international market is comparatively tight and Mauritania believes that iron and steel products are still in fairly strong demand. At the least, demand is stationary. Supply, however, is likely to develop. Indeed, iron and steel plants are to be found practically everywhere, and several Arab states are finalizing projects for plants that will manufacture similar products. Since these products do not compete with Mauritania on the same market, the country is not unduly disturbed by this development.

Some say that consumption is stagnant, especially in the matter of iron rods. For some time now, no large projects capable of altering the market have emerged. Mauritania is therefore witnessing a stable market, in terms of both supply and demand, and does not expect any significant international price fluctuation.

The delicate subject of technology transfer has been discussed at every forum, including the United Nations. It is a problem for the recipient in that he is expected to buy the most suitable technology for his particular technological environment. Consequently, as long as the user is not the one to choose the appropriate technology, the transfer cannot be made, since the choice will have been made by the seller. A purely economic problem of dependency will thus arise. The inevitable conclusion, therefore, is that as long as Mauritania, a developing country, fails to establish the necessary institutional machinery to facilitate effective technological transfer, such transfer will never occur.

Mauritania cooperates with the Algiers-based Union arabe du fer et de l'acier in sharing with Arab countries its knowledge of resources and market factors. It stresses the need for balanced development of iron and steel in Arab countries. For technical assistance, Mauritania has dealt with the Tunisian company El Pouldou, one of the longest-established in the Ma-



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NOUAKCHOTT

The Société Arabe du Fer et de l'Acier (SAFA), joint stock company was created by protocol of 14 March 1984 by:

— SNIM-sem (Société Nationale Industrielle et Minière — Société d'Economie Mixte Nouadhibou R.I.M.)
— ARIMCO (Arab Mining Company — Amman, Jordan)
— AISCO (Arab Iron and Steel Company — Bahrain)

Each of these shareholders hold one-third of the capital.

Within the framework of this association the mining and steel company SNIM-sem in Nouadhibou has given way to the new company SAFA.

The aim of SAFA from this main core (Nouadhibou Unit) is to take over development of the iron and steel and metallurgical operations in the Islamic Republic of Mauritania.

NOUADHIBOU UNIT

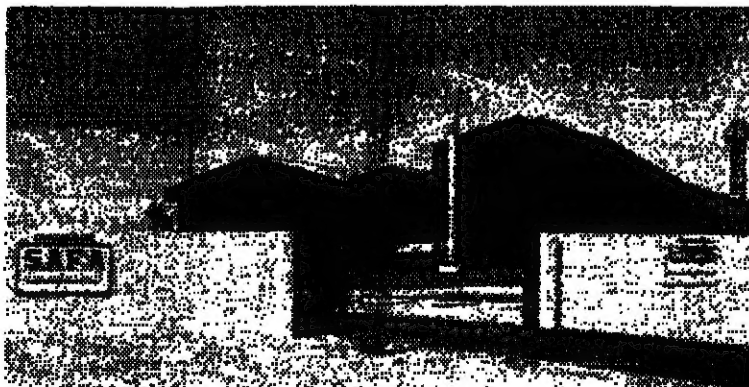
The mining and steel works is at present in operation.

a) Installations
— One steel works dealing with 12,000 ton/year



Ahmedou Ould Jiddou
Director General of SAFA

• 5 ton arc furnace
— ingot casting
— 36,000 ton/year mill for the production of:
• concrete reinforcing bars: 6mm to 32mm diameter (smooth and milled)



Head office and factory of SAFA, Nouadhibou

SAFA

- marketable grindings
— related installations
- b) Recycled raw materials:
Local iron mostly coming from SNIM (rails, carriage wheels)
- c) Energy:
supplied by the national water and electricity board (SONELEC)
- d) Personnel:
The company employs 150 to 180 agents according to the production programme.
- e) Marketing:
Most of the production is intended for export.
The products manufactured comply to international standards. They are approved by the "taxe de Coopération Régionale—T.C.R. (Regional Cooperation Tax)" system within the framework of the Communauté Economique de l'Afrique de l'Ouest — C.E.A.O. (West African Economic Community)
- f) Renovation:
Alongside the exploitation of the existing unit, SAFA has undertaken the renovation of all the installations with a view to improving production conditions and a better cost and quality control over production.

DEVELOPMENT PLAN

Within the framework of industrial development in the Islamic Republic of Mauritania, SAFA is currently carrying out studies with a view to the short term realisation of iron and steel and metallurgical units such as:
— metallic structures (framework, pylons, etc...)
— smelting (plating sheets, grinding equipment and other current parts)
— drawing mill
— etc...

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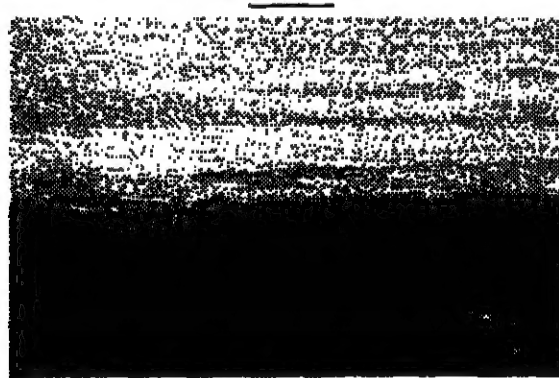
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5. Representation of insurance companies, studies, surveys and classification supervision etc... foreign concerns having interests in Mauritania, or neighbouring countries.
6. MATEMA acts as representative as regards the requirements for qualified experienced personnel in positions concerning MATEMA's interests in Mauritania and/or anywhere else as the case may be.
7. AGENT OF THE ITALIAN NAVAL REGISTER (R.I.N.A.) IN MAURITANIA.

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Message Concerning the State of the Nation by His Excellency the Colonel Maouya Ould Sid'Ahmed Taya, President of the Military Commission for National Safety, Head of State, Delivered on the Occasion of the December 12 Holiday.

Mr. President, Members of the Military Commission for National Safety, Ministers, Ambassadors, Ladies and Gentlemen,

Twelve months ago, the Military Commission for National Safety conducted an internal restructuring operation. I have indicated the reasons and finality of this essential action on several occasions.

In December 1984 our country was in a serious situation: lack of credibility on the international level, the dilapidated state of the economic and monetary system, institution of a system of power ridiculing the most elementary principles of liberties for citizens, all deviations which interfered with the options of the Military Commission for National Safety. Like the Armed Forces, every one of you bitterly resented the corrosive effects of this policy.

Dear fellow countrymen and women,

The directions which must guide the government's action were laid out distinctly in the official statement issued by the Military Commission for National Safety December 13, 1984: establishment of a strong and fair government and stabilization of an unbalanced and unsteady economy. This work reflects the challenges and threats which assail us as a nation, threats for which we almost mortgaged our future.

From that time, governmental action has, during the last year, been based on the restructuring and credibility of the State, stabilization of the economic and monetary situation to create a solid base for real economic and social progress. This has been an often disappointed, but resolute hope of our people.

I will give you a concise account of government activities concerning this subject before explaining the prospects of the Financial and Economic Recovery Program for the next three years.

Results

a) Financial and economic situation

The initial government budget for the fiscal year 1985 including expenditures of 13,144 billion ouguiya and revenues of 13,137 billion was modified for two reasons:

1. To move closer to the goals of the Financial and Economic Recovery Program.
2. To account for the impact of the national debt.

However, during the first nine months of the year, the results obtained in execution of the Finance Act reveal both a stabilization of expenditure and an increase in revenue and funds as compared with the previous year.

Indeed, a slowdown in the budget consumption was recorded. Tax payments rose 22% during the first ten months of 1985 over the previous year. It should be reported that the bulk of our national debt contracted with other governments was rescheduled, if not simply paid off.

It is also comforting to report that the Treasury has been streamlined, through the regular processing of the interior and exterior proceedings.

A distinct improvement in government funds can also be noted. This improvement will bring the current budget deficit to close to 403 million ouguiya as against 1 billion at the end of 1984.

This situation results from an improvement in the action of the tax collection services, but is also due to progress made by all the financial departments.

To further improve the financial and economic situation of the country, the Military Commission for National Safety adopted the Financial and Economic Recovery Program during the session held September 4 to 8, 1985, which covers the 1985-1988 period.

I will return to the anticipated goals and performances of this program.

Government efforts aimed at reducing the imbalance in government finances and foreign payments had a major effect on the development of the monetary situation.

The long-term deposits reached 2,491 billion in late June 1985 after a high of 1,701 billion at the end of 1984, representing a 46% increase. As for the demand deposits, they increased from 5,9826 billion in December 1984 to 6,4324 billion in June 1985 for a 7.5% growth.

Development of the money supply remains within the limits compatible with the need to retain the domestic and foreign value of the currency, and its structure seems satisfactory.

The credit increase has been moderate, reflecting that of the money supply, as the total domestic credit rose from 19,762 billion at the end of 1984 to 20,026 billion at the end of September 1985 for an increase of only 1.3%.

Net government debts decreased by 160 million over the reference period as compared with the end of December 1984.

The ratings for fisheries, industry and energy economic sectors have increased. However, an insufficient amount of credit was granted to the rural sector and small-fishing industry. Measures were taken to compensate for this, using the structures of the National Development Fund. The resources of this Fund are more suitable than banks for action in these two outlets.

Scouring in 1986, the National Development Fund should offer farmers an adequate agricultural credit system to accompany the strategy for the sector set up by the government. This system will compensate for the low income of rural producers by providing them with "instruments" and production facilities.



Colonel Maouya Ould Sid'Ahmed Taya.

with long-term payment conditions.

On the whole, the monetary and credit policy is starting to yield results, which proves the effectiveness of the instruments used. The monetary authorities will make sure they are reinforced to contain the inflationist pressures and to regulate the overall demand so as to encourage the adjustment process already initiated in our external payments.

The creation of a National Credit Board is in keeping with the general pattern of these new directions in monetary policy. I should add that this Board is already operational and is responsible for determining the main lines of the credit policy.

Furthermore, an audit study of the banking system is underway at five banks and at the National Development Fund.

This study will cover three essential aspects of bank management:

1. Risks associated with portfolios.
2. The foreign debt level.
3. Profitability.

The total deficit in external payments was limited to 1,574 billion ouguiya following the first seven months of 1985 as opposed to 3,494 billion during the same period of the previous year, despite the auditing of the transfer proceedings recorded by the BCM, which reached 2.1 billion ouguiya in December 1984.

Although significant improvement in the overall balance of payments was obtained, our position in relation to the international market remains fragile due to the continuing high level of imports.

The continuing growth of fishery exports should significantly contribute to a recovery in our balance-of-payment situation.

The extent of the available halibut resources means that the fishery industry is the sector

of the future for the Mauritanian economy.

According to the most pessimistic forecasts, 606,700 tons of fish of all species can be taken annually from our territorial waters, without any risk of overfishing.

Three hundred sixty five ships are currently operating in our territorial waters. This includes 94 national ships with 62 freezer boats and 32 ice boats unloading their entire catch at Nouadhibou. These statistics do not take into account ships chartered by certain national shipowners as part of an agreement recently signed with Portugal.

The Mauritanian Fish Marketing Company (SMCP), which constitutes the main government operator in the fishery domain, expanded its field of operations by signing a contract with a Japanese firm, which agreed to buy 20 to 30% of its production. It is currently making every effort to penetrate certain Arab and African markets.

As an indication, on September 30, 1985, the SMCP paid 734 million UM to the Treasury in export duties for bottom fish. For this category of fish, SMCP sales should exceed 7,500 billion UM this year.

The small-fishing industry continues to attract the attention of the administration due to its high job-creating capacity and the guarantees it offers in terms of supplying the interior market and ground industries.

Small shipowners are currently estimated to include 624 boats, operated by a workforce of 2,000 fishermen. Financing has or will be obtained to develop this sector from the Saudi Development Fund, Denmark,



the FAO, the FED and the FADES.

In the mining sector, the reorganization of the SNIM and the SAMIN have been emphasized this year so that SNIM will be able to confront the international competition on the iron ore market, while the SAMIN can resume operations of Aljouf copper as soon as possible.

During the first nine months of the year, sales of iron ore reached 7,128,234 tons, representing a value of 8,913,448,910 ouguiya.

Negotiations are currently underway with the World Bank and the Kuwait Fund to settle the SNIM cash problems and to renovate the railway which transports the iron ore to the port of Nouadhibou.

A solution to the problem of the guarantee required to obtain financing is currently under consideration.

In the field of research, our national territory is currently covered by five mineral-prospecting permits valid for phosphate, iron, copper and hydrocarbons. A mining authorization has been issued to the SNIM for radioactive substances. It covers the northern section of the Dorsale Reguibat. The ORMG has a permanent authorization for all territories not covered by other prospecting permits. As you know, these prospecting operations have already yielded the discovery of a major phosphate deposit in Bofal. The feasibility study for this project is under consideration for the near future, following the creation of a consortium, including the interest parties, primarily the SAMIA and ARMICO.

An extensive survey will be conducted for the two iron deposits in the TASIAT where the reserves are estimated at close to 4 billion tons with an average iron content of 32% for the Lebichinuyt deposit alone. These deposits may be mined as

part of an integrated palliative project.

Operations in the industrial field consisted of:

- a reorganization of the industrial sector to better monitor the setting up and operation of companies;
- assistance in the creation of new industrial units through increased help to promoters;
- providing existing industries with the protection required for relaunching operations, while taking into consideration our membership in regional and international organizations.

Operation of the industrial firms in the parapublic sector was satisfactory: this is the case of the SAMIA, which includes a plaster plant with a production capacity of 100,000 tons.

The SAFA now manages the Nouadhibou electrical steelworks, which has been operational for several months due to a drop in the electrical energy costs.

In the hydroelectric and energy fields, 1985 was significant for the launching of such major projects as the CEAO program, which includes 364 water holes with 200 drilling rigs and the Saudi program which provides 32 water supplies via source points. In addition to these two programs, the work on the second conduit linking Nouakchott and Idini will start in the very near future and financing has been obtained for the Nouadhibou water supply project. The goal of all these projects is to significantly increase the coverage of water requirements in rural and urban areas.

As for energy, SONELEC's future looks promising, given the call for bids in the near future for the large Nouakchott electrical power plant, attainment of financing for a rehabilitation program and connection of the Point Central installations to the SONELEC network. These will ensure the country's electrical energy requirements.

Furthermore, the start-up of the Manatli hydroelectric power plant will bring electric power to the right bank of the Senegal River, guaranteeing the multisector development of this area, and will provide a reliable power supply to the city of Nouakchott. I should emphasize at this point that our country has taken a firm option for 15% of the output of this power plant.

Concerning hydrocarbons, we have concluded two agreements with Algeria, securing the stable operation of the petroleum refinery and providing for the construction of a handling center in Nouakchott to ensure the butane gas supply to the country.

The SMCP has been successful in providing a regular supply of petroleum products to the country. The SMCP imports, which accounted for approximately 138,000 tons/M, dropped 12.5% from the previous year.

In the equipment sector, we can report:

- the completion of the Port de l'Amitié work scheduled for 1986;
- work and studies have been carried out for the construction or repair of road sections for the purpose of developing the country's network of roads and to free remaining isolated regions;
- completion of the work on the Nouakchott airport automatic center financed by the FED;
- EAC financing obtained for conducting studies concerning the new Nouakchott airport project and adaptation of the runways for 747-type aircraft;
- partial completion of the program for 581 low-cost housing units financed by the government of Kuwait;
- start of the final phase of the Saudi program for 469 housing units and completion of 36 plots with improved sanitation.

Finally, I would like to report the recovery in the financial position of the Nouakchott Maritime Institution.

For a complete transcript of text, please contact the Presidency in Abidjan.

THE AUTONOMOUS PORT OF NOUADHIBOU

PORT AUTONOME DE NOUADHIBOU

PAN

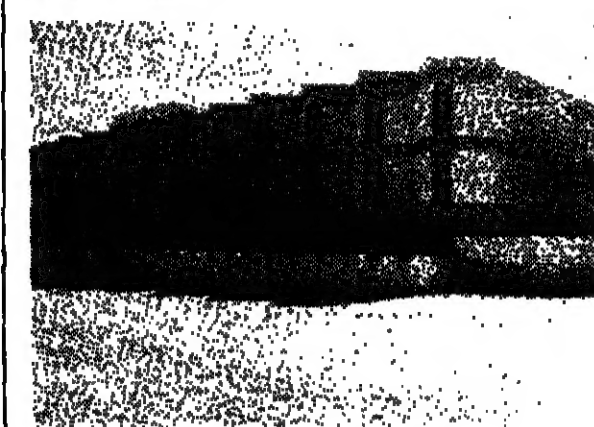


Gaye Sidati, Director General
of the Autonomous Port of Nouadhibou

The activities of PAN have increased considerably since the installation of NPP, and in particular, since the implementation of the decision taken in 1982 to make it obligatory to unload the hauls of fish (deep water fish) realised in the Mauritanian ZEE. The figures speak for themselves.

1982	393,718 tons handled
1983	822,939 tons handled
1984	840,000 tons handled
1985	954,996 tons handled

The major increase in movements in the port was not realised without creating a certain amount of difficulties, while at the same time it can be seen that the figures for 1985 already correspond to those forecast for the end of the third phase of the PAN development project although the second phase should only have been commenced at the end of 1985.



The Port Headquarters in Nouadhibou,
a new development commenced in
November 1985.

البنك المركزي الموريتاني BANQUE CENTRALE DE MAURITANIE

Nouakchott

B.P.: 623 623

Télex: RIMBANK - 72

Tel: 52206

Governor: Mr. Dieng Boubou Farba
Deputy-Governor: Mr. Mohamed Ould Nany

The Banque Centrale de Mauritanie was created by legal decree number 73.118 of May 30, 1973. It took the place of the Banque Centrale des Etats de l'Afrique de l'Ouest, to which the Islamic Republic of Mauritania belonged, alongside other African states and the French Republic.

The Banque Centrale de Mauritanie has, in terms of the statutes that govern its working, all the classic functions of a Central Bank (issuing currency, establishing credit norms, distributing and controlling credits, undertaking economic studies, realizing financial operations on behalf of the State) as well as other specific functions linked to the circumstances of its creation and to the particular importance which it is accorded by government authority.

The Banque Centrale de Mauritanie is thus closely associated with the efforts of the government. Its credit policy is characterized by dynamism, a low discount rate (4.5 percent), the attribution of medium-term credits for periods of up to eight years, and, generally, by the encouragement of all industrial, mining, agricultural and social housing projects.

Under the impulse of the Banque Centrale de Mauritanie, the banking system has been considerably developed. Several banks have thus been created:

- The Banque Arabe-Liby-Mauritanienne (BALM) (Arab-Libyan-Mauritanian Bank) with a capital of 140 million ouguiya;
- The Banque Arabe Africaine en Mauritanie (BAAM) (Arab African Bank in Mauritania), with Kuwait participation, with a capital of 300 million ouguiya;
- The Banque Internationale pour la Mauritanie (BIMA) (International Bank of Mauritania) with a capital of 150 million ouguiya;
- The Société Mauritanienne de Banque (SMB) (Mauritanian Banking Society) with a capital of 100 million ouguiya;
- In addition, a development bank and a development fund have been created:
- The Banque Mauritanienne pour le Développement et le Commerce (BMDC) (Mauritanian Bank for Development and Commerce) with a capital of 80 million ouguiya;
- The Fonds National de Développement (FND) (National Development Fund) with a capital of 100 million ouguiya.

ADVERTISING SECTION

ADVERTISING SECTION



Mohamed Ould Mokhtar
Director General of SMCP

Interview with Mohamed O Mokhtar Director General of the SMCP

The SMCP has had several substantial secondary effects on the Mauritanian economy, in particular as regards the balance of payments, due to a considerable and guaranteed gain in foreign currency and also on the national treasury by way of tax receipts due to immediate, cash payments; the SMCP has achieved its basic aim, which is to say, marketing Mauritanian fish, subject to Mauritanian law in force which obliges unloading.

F.M.: Initially, one was aware of a certain refusal among the shipowners and commercial operators in your sphere as regards the SMCP, what is the current situation?

M.O.M.: For several months now, I have felt a very great willingness and a sincere wish to cooperate on the part of Mauritanian shipowners, because, what I am interested in is Mauritanian shipowners who produce fish, who fish and sell me the produce to market, and in this much we have begun to understand each other so that I no longer have any problems in this area.

For the last quarter of a century since Mauritania has gained independence, people in this sector have become accustomed to a certain complacency due to the fact that the public authorities in Mauritania, in my opinion, have not always given this sector the importance which it merits and over the last few years the national administration has taken a real interest in the sector, having taken note that this was perhaps the sector of the future. People have become used to working alone and on an individual basis and consequently they present themselves in an anarchical way as persons isolated in the face of their foreign partners who are in a position of strength. Over a period of time, the SMCP has been accepted by the masses and this is the reality on which everyone is counting.

F.M.: You are confronted with fierce competition on the international market within the field of marketing.

M.O.M.: Yes, our geographical zone is interesting by its richness in cephalopods which mainly go to Japan and from this point of view we are in strong competition with our Moroccan brothers and our Spanish friends who have comparable species given the geographical proximity. However, I feel that there is room for everyone and I do not feel that there is any particularly harsh or hindering competition, because you are aware that the protein problem is real and that the world is in need of protein and as such, of fish. In the year 2000, certain geographical zones in the world are threatened by famine, if this is not already with us and we can therefore say that we will market our products with ease and while I am sure that our Spanish friends and our Moroccan brothers will do likewise, there is, perhaps, on this occasion, harsh competition among our clients.

F.M.: It is the reverse therefore?

M.O.M.: I feel that it is quite the reverse. In any event I have not been aware of any problem in that area. We have no difficulty in disposing of our fish and we have sold enormous quantities in the months of September, August and October and we continue to do so, in spite of the fact that certain geographical regions such as the Arab world and certain African zones have not been sufficiently investigated, because the SMCP is still in its early stages, and we are thinking of setting up a more all-encompassing strategy for breaking into markets, initially the Arab and African markets. It was a problem of ignorance and lack of communication or marketing, thence, the opportunity presented to us today by the International Herald Tribune in this supplement on Mauritania, is pushing us forward in the direction in which we wish to progress.

F.M.: Prices have almost doubled this year in a favourable trend for Mauritania; do you think this increase will continue or that there will be a stabilisation in prices?

الشركة الموريتانية لتسويق الاسماك

S.M.C.P.

THE SOCIETE MAURITANIEENNE DE COMMERCIALISATION DE POISSONS The Mauritanian Fish Marketing Company

ESTABLISHED in June 1984, the SMCP has made it possible to consolidate in a significant manner the New Fishing Policy; to be more specific, it has achieved the main objectives for which it was created. It only began operations in August 1984, without its own capital, but thanks to credit to the tune of 60 million granted by the Banque Centrale de Mauritanie. The SMCP accounts show a loss of 60 million for 1984 and a provisional gain of 100 million for the first quarter of 1985.

The increase in marketable production by the SMCP remains linked to the growth of the national fleet in freezer and cold storage vessels.

The SMCP has likewise increased its partnerships, concluding an agreement over the last few weeks with the Japanese Group C. ITOH which committed itself to purchase 20 to 30% of the production on a regular basis.

In the very near future, the SMCP should make an effort to penetrate several large markets such as those in Africa, (in particular, Nigeria and the Ivory Coast) and those in the Arab world.

The positive action of this company on the Mauritanian economy is evident:

- centralised submission of tenders to purchasers from abroad;
- increases on the sales prices of products to foreign countries;
- campaign against fraud by improved supervision and control of the activities of vessels;
- incentives upon unloading by speedy and guaranteed



settlement of products unloaded at rates equivalent to international rates;

- Elimination of intermediaries, both as regards the intervention of Spanish banks and in relation to marketing.

The result is, in particular in 1985, a substantial growth in quantities unloaded and, consequently, a considerable reflection on the Balance of Payments and an increase in the collection of taxes on fishing rights by the Treasury.

On 30 September 1985, the SMCP paid 734 million UM to customs by way of duty on the export of deep water fish.

The turnover of the company for this category of product must this year exceed 100 million dollars, which is to say, 7,500 million UM, a figure such has never before been achieved.

Fathi Mahouachi

Interview with the Minister of Fishing and Marine Economy Mr Taki O Sidi

Reminder of the importance of marine fishing for the national economy

In spite of the constant decrease in real terms of the Gross National Product (0.6% per annum) during the last five years, the marine fishing sector has seen, during the same period, its own importance grow, going from 6.5% in 1982 to 9.3% of the G.N.P. in 1984. This is an indication of the dominant position of this growing sector in the economy of our country.

The exports in marine produce, a direct consequence of the implementation of the new Fishing Policy, has increased substantially further to the decision taken in 1982 by the government making it obligatory to unload all demersal species at Nouadhibou, and also the creation of the SMCP in 1984. Thus, fishing which in 1984 accounted for more than 43% of the total exports, during this year should amount to almost 50%, which is to say in the region of \$ 180 million (13 thousand million UM). The table below shows the division of the four (4) major categories of fish exported in 1984 in millions of UM and on a percentage basis.

	Million UM	%
Pelagic species and related products	4,792	45
Cephalopods	3,147	30
Deep water fish	1,235	12
Others	1,425	13

The contribution of the fishing sector to the national budget is considerable. In 1984 it amounted to 1,559 million UM which breaks down to 1,099 million in duty and tax on exports (20% of the total customs receipts as against 16.3% in 1983 and 14.8% in 1984) and 460 million in the sales of fishing licences to shipowners from abroad.

It should be noted that the tendency is towards an increase in 1985 when, for the first time the budgetary objectives laid down by the government (2,000 million UM) will be realised 100% and may perhaps be exceeded.

These figures show the emergence and the relative success of a complex economic sector, largely confronted by considerable and varying restrictions, not least of which is stiff international competition. In order to appreciate this trend better, it should be recalled that the contribution of the fishing sector in 1978 amounted to only 4.7 million UM.

M.O.M.: It is true, in the space of a year prices have almost doubled for certain species such as the cephalopods. During the same period last year the price was US\$ 2,500 per ton while in the last few months we have sold at US\$ 3,800 per ton. I feel that from here to the end of the year prices will stabilise at around US\$ 3,500 for this species which is very popular on the international market.

F.M.: On the production side you have mentioned that certain potential markets have not been investigated, which indicates that you have provided for a production policy; will the production itself be sufficient?

M.O.M.: I feel that there are not enough dependable studies, as far as I know, which allow us to calculate what our exact potential is, however, it is currently estimated, without exaggeration, at 80,000 ton per annum as regards so called deep water fish. At the present time we produce approximately 60,000 ton per annum. We therefore feel that we can reasonably meet the demands of all those interested.

For a coast of 700 km, an exclusive economic zone of 200 marine miles and a continental plateau of 36,000 km², it has been estimated that the following quantities can be used on an annual basis without risk of over-exploitation:

● pelagic species	440,000 tons
● deep water fish	100,000 tons
● cephalopods	42,000 tons
● tuna fish	10,000 tons
● white fish	10,000 tons
● langoustine	700 tons
● deep water shrimps	4,000 tons

This estimate, which in no way can be classified as "pessimistic" is based upon that of the FAO and therefore remains controversial in the absence of a scientific evaluation of all our waters. Concerning this evaluation, we have called upon the cooperation of certain allied countries and, in particular, France who kindly replied to our request by returning its module in July within the framework of an agreement which provides for two annual evaluation campaigns for which France is responsible. Contacts have also been made with Canada and the United States. A meeting, under the guardianship of the FAO was held from 16 to 27 September 1985 in Nouadhibou concerning evaluation of the resources. The Centre National de Recherches Oceanographiques et des Pêches (The National Oceanic and Fishing Research Centre) likewise benefits from the technical cooperation of the Soviet Union.

Fishing Efforts

As regards the year 1984, the fishing effort was split as follows for quantities declared:

● pelagic species	210,000 tons
● deep water fish	58,000 tons

It should be noted that as far as pelagic species are concerned, the fishing effort was limited to 7½ months as opposed to 12, which explains the low level of the figure indicated. This was due to the delay in the conclusion of the contract between MAUSOV and LA SOVRYBLOT.

Furthermore, given the poor marine surveillance to the south of Cape Timiris and on the open sea, the



Taki O Sidi
Minister of Fishing and Marine Economy.

industrial fleet very often worked within the 3 mile boundary and could have carried out high value commercial transshipments of produce on the open seas. This situation makes it very difficult to give a fair evaluation of the real fishing effort in the waters under national jurisdiction. Successive drops in hauls over recent years would indicate that at least as far as some species are concerned, it would seem that an equilibrium has been reached. It has been noted however, during the June to September period, a return in certain species of high commercial value such as the octopus.

Training

In this field there are real and urgent needs, in particular as regards the training of senior staff on board vessels, technicians and research workers.

The total staff of registered Mauritanian marines amounts to 4,239. Those who have had proper training have been issued with marine record cards (2,438 marines); 400 others hold industrial fishing cards and 1,400 hold non-industrial fishing cards. 1,592 are simply taken on.

Marine refresher courses are held at the Centre Professionnelle Maritime de Nouadhibou (Professional Marine Training Centre in Nouadhibou). Financing for the extension of this centre has just been confirmed by the European Development Fund.

As regards training on the whole, two projects have been drawn up with the assistance of the FAO, and these should be operational in the near future.

For higher training, this could be looked after in the future by the Institut Supérieure d'Etudes des Sciences Halieutiques de Nouadhibou (The Nouadhibou Higher Institute of Fishery Studies) financed by the CEAO which is currently being constructed.

Action by the Department in 1985

1985 has for the most part been a year of observation, identification and evaluation of the restrictions which inhibit the harmonious development of the sector. This period of reflection has made it possible, within the framework of the general economic recovery, to define a coherent action programme and to integrate this programme into the overall development strategy citing clear, calculated objectives. It is in this direction that the tasks entrusted to the central and regional departments of the Ministry are orientated.

Fathi Mahouachi

10 November 1985
NOUAKCHOTT



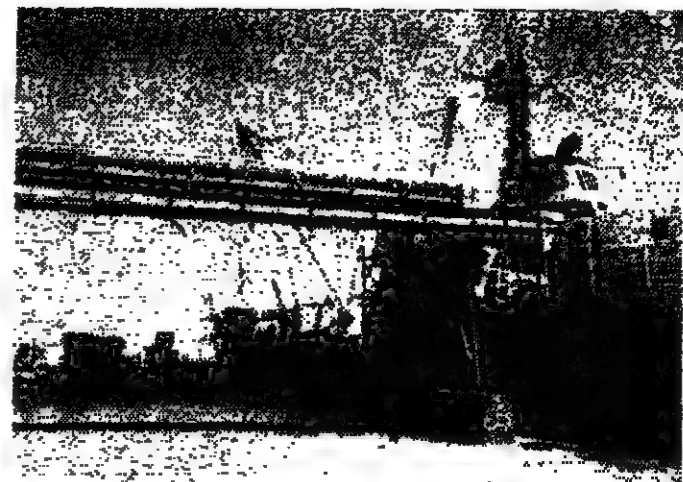
Unloading the SMCP product (usine en mer...).



Stocking up in an SMCP shop.



Inside an SMCP warehouse at -30°C.



and... landing frozen fish bound for export

S.M.C.P.

Société d'Etat au Capital de 500 millions d'ouguiyas
Nouadhibou - Avenue Médian

Téléphone: 22.81, 23.50 - Telex: 420 MTN B.P.: 259 NDB



Traditional Fishing in Mauritania

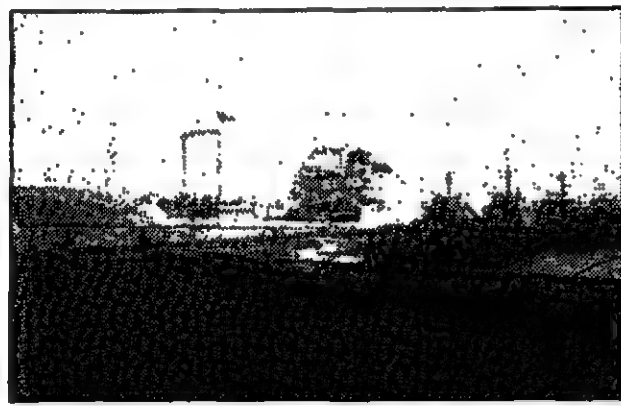
Traditional, non-industrial fishing plays a major role in the economic life of Mauritania. It offers a strong job creation potential, the guarantee of a continued onshore supply and a domestic market. To ensure the development of this type of fishing, certain projects have been undertaken with the help of friendly countries and organizations.

Japan was the first foreign country to help traditional fishing in Mauritania. It provided first-class technical assistance and two donations totaling 350 million ouguiya (\$2.67 million) between 1980 and 1983, fishing tackle (canoes, motors and equipment), two 2-ton cold storage rooms, a 2-ton-per-day production factory, and refrigerator and isothermic vans. Following a recent visit by the Japanese Agency for Cooperation, a request was made to the Japanese Government to continue giving technical and financial assistance.

A \$700,000 donation by the Saudi Fund is helping Mauritania finance the following projects:

- the building and equipping of a construction and repair workshop for traditional fishing purposes at Nouakchott.

- the purchase of two all-weather vehicles for the supervisory fishing staff;
- the purchase of 34 fully equipped canoes;
- the recruiting of an expert in the organization of cooperatives, a project which, with the technical assistance of the UNDP, will facilitate the construction of 10 launches, 30 polyester canoes and 20 to 30 isothermic crates for preserving fish for the retail market.



A 12,000-ton-per-year industry.

Denmark is providing 300 million ouguiya toward the financing of a cold-storage chain. The financial arrangements are currently being negotiated. This project, managed by SPPAM, will provide the main

towns in the South and East of Mauritania with cold-storage appliances and increase their food self-sufficiency by ensuring a regular supply of fish.

The Food and Agriculture Organization of the United Nations (FAO) is providing \$247,000 to improve traditional fish processing methods. This project has been in operation since October 1983.

The European Development Fund is financing two projects: the encouragement and guar-

antee the study of the second.

Furthermore, a 7 million CFA francs finance package was recently obtained for the desalination of sea water.

The FAO has agreed to contribute \$724,000 toward financing an on-the-job training program for fishermen. The agreement took effect in late September 1985.

As to the plan to create a non-industrial fishing port at the Baie du Repos at Nouadhibou, two surveys are in progress, one to be financed by FAC, the other by the Independent Port of Nouadhibou. Once finished, these two studies will be forwarded to Fades, which has agreed in principle to undertake the project. Equipment needs in Mauritania are currently estimated at 624 boats manned by roughly 2000 fishermen.

The mission of the SPPAM is to promote traditional fishing. It was set up on August 2, 1983, by Mauritania (53%), co-operative and pre-cooperative fishing units (10%) and Mauritanian businessmen (33%). Its investment program, carried out in 1984 at a cost of 28 million, covers a 30-ton processing plant intended to comple-

ment Nouakchott's already-existing cold-storage facilities, a 10-ton ice factory at Nouakchott and a 2- to 10-ton inland isothermic room.

Investing in a cold-storage complex at Nouakchott, planned between 1984 and 1987, will provide a freezing capacity of 20 tons per day, 800 to 2500 ton storage capacity, the production of 40 tons of ice per day and a motor repair workshop.

SPPAM hopes to increase its storage and freezing capacity later on and set up a cold-storage chain inland. It has realized a turnover of 121,213,809 ouguiya. Activities have so far been limited to the importing and sale of fishing equipment and motors. It should be noted that Italy has shown some interest in cooperating with SPPAM. This cooperation might in the near future take the form of financial assistance and aid in fishing equipment and appliances.

Traditional-style fishing will produce an estimated 12,000 tons per year, half of which will go to the domestic market (essentially the South and Southeast of the country). Another 6,000 tons will either be landed fresh at Nouadhibou and processed at the factories, particularly SOFRIMA and COMACOPP, or exported to the Canary Islands and Senegal.

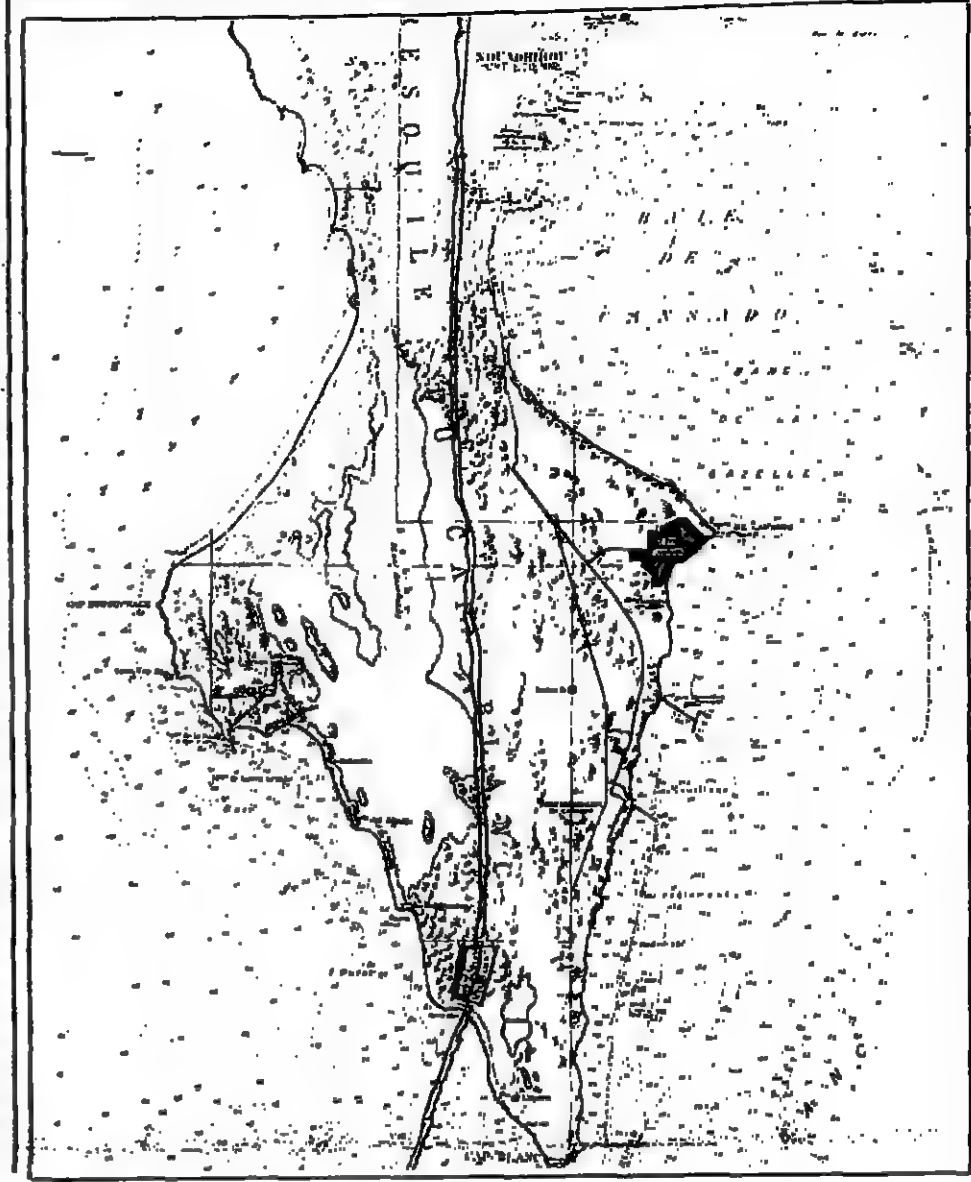
The Port of Nouadhibou

The development potential of Nouadhibou as a fishing port is considerable. The Port Minéralier de Cansado and the oiling jerry Des Mouettes are just five kilometers north of Cap Blanc (Ras Nouadhibou), tucked into the Bay of Levrier, but south of Pointe de Cansado and opposite the small village of Guera, on the Atlantic side of the peninsula. The town and port of Nouadhibou are 15 kilometers inside the Bay of Levrier, in the subsidiary bay of Cansado. Only the Banc de la Gazelle immediately north of the

Pointe de Cansado is a hazard. Ships stay three kilometers offshore until almost due east of Nouadhibou.

This large fishing port, located in some of the best stocked fishing waters in the world, can accept ships up to 24 feet draught at any state of the tide, day or night. There are over 800 meters of quays dredged to more than six meters "alongside." Even the largest Russian and Japanese fish processing ships can berth at Nouadhibou, still the cheapest port on the West African coast. Its fish prices are very competitive.

There is a wharf at Nouakchott which has a capacity of 450,000 tons (in 1982, 325,442 tons of goods were unloaded, 94,330 tons of which were cement) and there are plans to develop a deep-water port. Nouadhibou remains Mauritania's only major port; the commissioning of Friendship Port in 1987 will increase its importance both to Mauritania and to nearby West African countries.



SOMIS

Société Mauritanienne des Industries du Sucre

SOCIÉTÉ D'ÉCONOMIE MIXTE AU CAPITAL DE 300 MILLIONS D'OUGUIYA

SIÈGE SOCIAL NOUAKCHOTT-R.I.M

B.P. 671 Tél. 527-22-517-30

Télex 861 MTN

Compte BMDC 998 et 822



Abdoul Thiam
Director General of SOMIS

SOMIS carries out the conglomeration process for SONIMEX who supplies it with the raw material (crystallized sugar) and removes the conglomerated sugar.

SOMIS has problems of a technical nature due to inexperience with the production equipment which was not a prototype and which stood for a long period without operating, subjected to bad weather, sea winds, rust, etc. . . . Nevertheless substantial progress has been made in this area and little by little, SOMIS is becoming fully experienced in the operation of this production equipment and is hopeful of overcoming all these difficulties over the next few years.

The task before SOMIS is to supply the home market with sugar and its capacity has been established with this goal in mind. It likewise hopes to be able to effect a horizontal integration in sugar production, from the cultivation of the cane up to production of the sugar in pieces. At the present time and on the insistence of SONIMEX, SOMIS in agreement with the State is looking towards the purchase of a cubing assembly line which should produce 50 ton per day and which would commence probably at the beginning of 1987 if all the contracts can be signed during the course of 1985. SOMIS production was decided in accordance with SONIMEX; in the year 1985 it would produce 21,000 ton. In 1986, it would produce 30,000 ton. The factory capacity is 35,000 ton which only covers the needs of the home market.

The production price fluctuated between 15 and 17 'ouguiya' per kilo (1.50 FF to 1.70 FF).

S.O.M.I.S.

سوميس
الشركة الموريتانية لصناعة السكر
شركة ذات اقتصاد مختلط
رأس مالها ٣٠٠ مليون أوقية
المقر الرئيسي نواكشوط - ج.أ.م
مرب ٦٧١ هاتف ٥٢٧ ٢٢
تلكس ٨٦١ م.٥٠
الحساب ٩٩٨ و ٨٢٢ ب.م.ت.ت

S.O.M.I.S. was created by a decision from the Council of Ministers on 2 September 1984.

A mixed investment company composed of the State as the largest shareholder, with the company Sonimex and several private companies, S.O.M.I.S. inherited the situation of the ex-SOSUMA, the former Société Mauritanienne de sucre (Mauritanian sugar company) which cost Mauritania approximately 2 thousand million 'ouguiya' (main currency) and which at the outset had assembly line faults and the factory was closed in 1976; it reopened in 1980 with Algerian collaboration who extended a credit of 10 million dollars to Mauritania.

On 2 September 1984, Mauritania decided to re-establish it as the Société des Industries du Sucre (Company of Sugar Industries) (a service company), in fact the monopoly of sugar sales belonging to SONIMEX. SOMIS



Loading a boat at Nouadhibou.

MAURITANIA STATISTICS

Capital: Nouakchott.

Average Temperature: January: 21° C; July: 28° C.

Geography: Mauritania is in the Maghreb ("West" in Arabic). Northwest Africa is more precise. Mauritania is a member of the 16-nation ECOWAS (the Economic Community of West African States); the Arab League; the OMVS (Organization for the Development of the Senegal River Valley) and the CEAO (the economic grouping of seven French-speaking countries).

Area: One million square kilometers (328,000 square miles). Population: Roughly 1.8 million as of November 1985. Population growth rate: 1.6% at May 1985.

By Air: Major airports at Nouadhibou, Nouakchott and Zouerate plus 30 small aerodromes.

Ports: At Nouadhibou, the fishing port and the port minéralier; the latter has a capacity of over 10 million tons per year.

Main Resources: Iron ores and fishing.

History: Three quarters of the Mauritanian people are Moors (or Maures) of mixed Arab and Berber stock. They speak the Hassaniyya dialect of Arabic. The Bidan Moors are light-skinned and the Haratin are black.

Religion: Islamic, Malekite sect.

Currency: Ouguiya (average 1984 exchange rate 63.803 ouguiya = 1 dollar).

MAURITANIA
25 Years After Independence

S.M.C.P.P.

SOCIÉTÉ MAURITANIE DE COMMERCIALISATION DES PRODUITS PETROLIERS

Mauritanian Company for Marketing Oil Products

Avenue GAMAL ABDEL NASSER

P.O. Box 679 - Tel. 52551 and 52551

Tlx 849 MTN - NOUAKCHOTT

Capital: 120,000,000 UM

C.A. (84): 4,127,329,270.48 UM



State company created by decree No. 80.171 of 21 July 1980 whose purpose is:

- to import, store, distribute and market oil products;
- to exploit, either alone or in association with other corporate or natural bodies, storage or distribution warehouses for oil products;
- to construct and manage units for storing oil products;
- to manage under its own name the shares whose ownership has been transferred to it by the State such shares corresponding to the State's participation in economic import activities concerning the storage and distribution of oil related products;
- to participate in all industrial, financial, commercial, mobile or fixed operations which may be related to one or other of the aforementioned aims;

this participation may take the form of the creation of subsidiaries, subscription to or purchase of holdings, company rights, or otherwise;

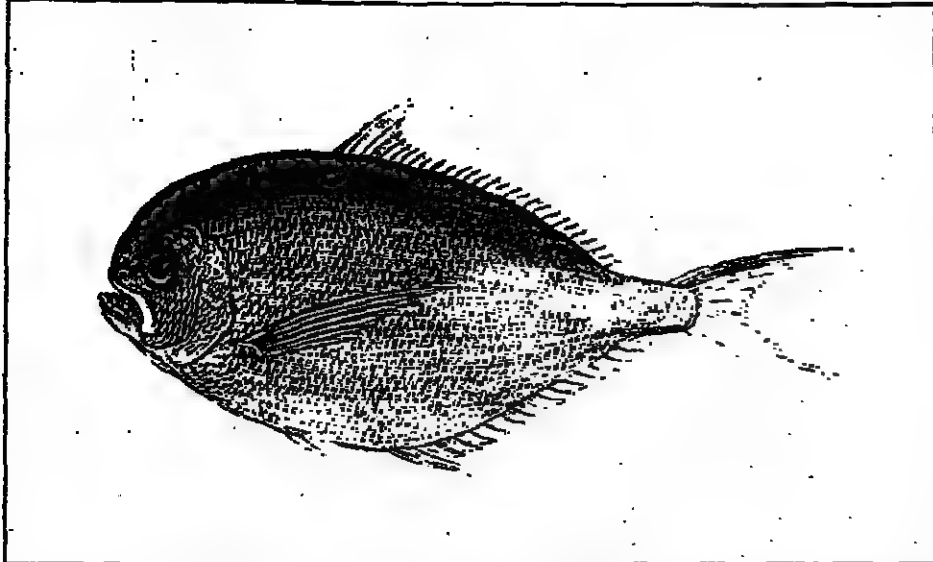
- the SMCPP shall supply the country with oil products throughout the national territory, with 58 points of sale and 4 aviation depots;
- the SMCPP shall import and market butane gas at preferential prices reflecting the economic policy and the reconstitution of traditional sources of energy (charcoal) defined over the last few years by the State of Mauritania.

مكتبة من النواكشوط

ADVERTISING SECTION

ADVERTISING SECTION

Mauritania's Fishing Industry



A professional polyglot who previously produced Mauritania's national plan — the Honorable Taki Ould Sidi — is now the minister in charge of fishing. The position of Minister de la Pêche et de l'Economie Maritime has become a very important one in Mauritania: fish revenues in 1985 are expected to exceed record iron ore sales (Guelb and Kedia tonnages total over 10 million tons).

Mauritania has done an about-face in the past several years. In 1977 foreign boats paid only \$3.5 million in fees on a fish harvest worth over half a billion. The loopholes are being closed one by one, and all the big fishing countries have formed joint ventures with the Mauritanian government through the umbrella fish organization, SMCP. In particular, the Samip agreement with Iraq is on the point of becoming operational, that of Mausov with Russia is new and operational, and that of Comacop with South Korea specialists in

tuna. Almap deals with Algeria, MSP with Scandinavia, Simar with Rumania, and Salimaurem with Libya and other Arab countries.

The SMCP has decreed that "All production (ie, catches) carried out in Mauritanian waters must be unloaded and stored — at least one week — in Nouadhibou." It has yet to enforce this rule but is moving in that direction. Boats that fish quickly and then proceed to Las Palmas to unload may have a bumpy ride, particularly when the new surveillance system is in place. Mauritania is considering joining forces with Senegal to form a coast guard service patrol 200 miles seaward with MTBS, backed up by helicopters and surveillance aircraft.

However, it is not necessary to go 200 miles out to sea to catch fish off Mauritania, a country blessed with some of the richest fishing waters in the world. The fish are coming just 100 yards off the SNIM hostility at Cité Cansado, seven kilo-

metres south of Nouadhibou. West African waters are indeed unique. The sun during the day heats up the surface water and then, as the land becomes cooler than the sea, reverse currents draw the surface water below, the sea becomes agitated, and seaweed and trace elements are released. Most fishermen have returned home by then, and fish come out from their lairs and feed. Of course, fishermen in the know stick around, and the harvest is colossal.

Even in the early morning when the surface of the sea is coldest, some fish are easy to catch, and Senegalese fishermen sitting in Cansado cover need only paddle out 100 meters to fill their nets. Similarly, at Nouakchott, fishing off the beach alongside the Hotel Sahab is a popular Senegalese pastime. Over five tons of fish are brought ashore each evening by just a few motorized canoes. The fishing is so rich that herding and shark fins are just discarded on the beach. Sea

breem (also known as daurade or danton), red snapper and grouper are the most typical catch. All these are pelagic, or surface, fish and represent about 75% of the total catch in Mauritanian waters — over one million tons per year.

The practice of freezing fish is relatively new to Mauritania, and the notion of fresh fish is somewhat open to interpretation. With today's freezer ships operating offshore, six-week-old fish are considered as fresh as a daisy. Only long-frozen fish develop a woody taste.

Today's buyers, wary about the freshness of the fish, is very demanding about packing standards. Fish have to be pressed to a certain "load" and in a certain way and to set dimensions. On the docks at Nouadhibou, fishing trawlers are often fitted with the latest packer/compressor equipment. Machines like the Maguinaria Heremientes of Vigo, Spain, have an rpm range of 64 to 920 and force all types of fish into neat 20-kilo ice blocks. The fish are stored into these blocks on board, and only when the freezer boat reaches Nouadhibou are the blocks brought ashore and packaged. They are put into cardboard boxes, typed and dated.

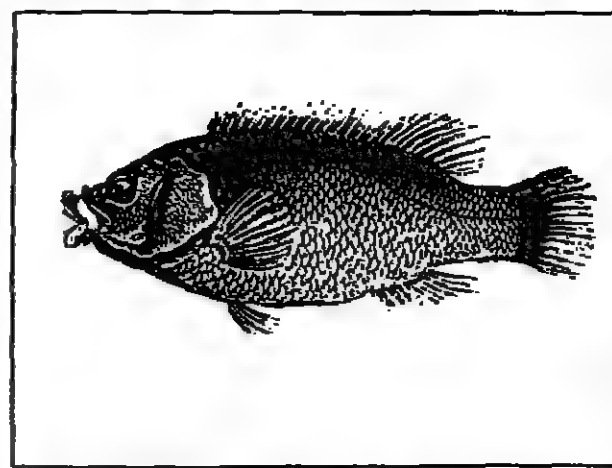
The majority of fish landed at Nouadhibou are Cephalopoda fish. All become property of the government-owned Mauritanian fish marketing organization, SMCP (Société mauritanienne de commercialisation de poissons). Pelagic surface-dwelling fish such as the sea bream, red snapper, shark and grouper are fished from small boats. The catch is then transferred to larger boats that bring the frozen fish to the quay at Mouadhibou. But it is quite common to see Demersal fish too, the bottom-dwelling Cephalopoda varieties like squid and octopus. In 1980 one ton of Cephalopoda fish in Nouadhibou could be bought for \$1500 and sold in Europe for over \$7000. In 1985, the market price in Nouadhibou for Cephalopoda fish reached \$3800.

Nouadhibou remains a relatively cheap fishing port.

There are also fish like tuna, lobster and shrimp, and certain countries have made one or the other their specialty. For example, the North Koreans are expert in hunting schools of tuna in West African waters and have virtually monopolized this market. Herring also prefer to move together in schools of fish, and the government is looking at the latest fishing boat designs to see how the catch can be increased. The Dutch recently invented a ship that simply sucks great quantities of sea and fish into its hold and then expels the water. The West Germans have improved the design and it is now possible to buy one of these large fishing trawlers for \$18 million and to catch and pack a thousand tons of high-priced tuna in just 14 days with a crew of 15. In the rich waters of Mauritania it is sometimes possible to make such a catch in one week. The technique is to use sonar and surround a feeding school of tuna with nets and then suck all of them into the trawler.

At the opposite end of the

scale, old worn-out and rusty fishing boats remain a problem. In the past, some foreign companies have brought boats to Nouadhibou, anchored them and then, having flown home



the crews, abandoned the boats to the elements.

Fishermen in the Nouadhibou harbor are a disparate lot, but North Koreans, Spanish and Japanese provide the backbone. There are many Mauritians working on the quays as crane drivers, etc., but few so far who put to sea as fishermen; it will take another ten years for nomadic Mauritians to get

used to a sea-going life. Non-French-speaking Mauritians can generally converse with the Senegalese fishermen by talking to them in Wolof; Tukulur, Solinke and Bambara (Malian)

Besides its joint ventures, SMCP cooperates with various fishing companies that now back up the Nouadhibou fishing operation. Fiap, Sofrima, Samma, Smaip, Almap, Mausov, Simar, Salimaurem, Ma-rama, Comar, Siap, Somacop, Sipco and Smf provide loading and handling equipment, marine studies, commercial and industrial operations, chandlering, transit storage, charterage and lighterage, freezing and freezer boats. The SMCP realized a turnover of 1 billion ouguiya in 1984 (63.8 ouguiya = \$1), and operates over 80 boats under the Mauritanian flag. Mr. Mohamed Ould Mocan, the managing director, reports directly to the Minister of Fishing and Maritime Economy and is in direct personal contact with all the buyers. His greatest success has been in setting up joint ventures with all the main trading partners. Another major figure in fishing at Nouadhibou is Mr. Mohamed Salem Ould Sidia, the president of FIAP and director-general of SOFRIMA. He has helped considerably in exploiting available fish resources effectively.

Mauritania's Supply of Fishing Boats

Following is the breakdown of fishing boats currently in use in waters under Mauritania's jurisdiction:

- 94 national vessels, 62 equipped with freezing rooms and 32 industrial or semi-industrial ice-boats, all landing at Nouadhibou. Mauritania's equipment consists of old units.
- 52 deep-sea boats chartered by the mixed companies of Mausov, Simar and Samip.
- 41 deep-sea boats and various others chartered by companies, or nationals landing at Nouadhibou.
- 89 foreign vessels with licenses, broken down as follows:
 - five South Korean boats fitted with freezing equipment and operating under an agreement with South Korea.
 - seven South Korean boats fitted with freezing equipment and operating in accordance with the minutes signed with the Daerim group on August 16, 1984.
 - three Algerian ice-boats conducting sales at Almap.
 - 23 tuna or tannery fishing boats (4 Senegalese and 19 French for the Lagan Arneau cooperative).
 - 15 cod-fishing boats that belong to the Spanish unit known as the "Co-operative Cadix."
 - 10 lobster-fishing boats for "France-Langouste."
 - 21 shrimp-fishing boats, 18 of which belong to the Spanish unit known as Anamar and three to the Senegalese company.
 - three deep-sea vessels for the Itaki company, C.I.P.

• two deep-sea boats for the Nigerian partners of Sofrima.

To this fleet should be added an as yet unspecified number of cold-storage boats (fresh fish) chartered by Mauritanian nationals as part of the agreement recently concluded with Portugal.

The most important plans for change in Nouadhibou's infrastructure have to do with the naval repair base, the extension and reorganization of the Port Autonome and the improvement of the Baie du Repos.

The necessity and urgency of the naval repairs base project are evident to all. Initial contacts for funding have been made with the Kuwait Fund, the World Bank and the Caisse Centrale de Coopération Economique, all of which have expressed a certain interest in this project. A note sent in May to the Kuwait Fund updated the economic data and cited the essential technical elements contained in the feasibility study realized in 1980 by the Anglo-Saxon firm Kingston Marine Technology. This note is in preparation of a meeting to be held on the development of fishing in Mauritania and to which the above funding organizations have been invited.

Similarly, an agreement has been signed with the French firm Sofremer to finance, through the Caisse Centrale de Coopération Economique, the dimensioning of the future base and the reorganization of Nouadhibou's Port Autonome. The team charged with realizing this study went to Mauritania in late October.

MAURITANIA

25 Years After Independence



SNIM S.E.M.
SOCIÉTÉ NATIONALE INDUSTRIELLE ET MINIERE

IRON ORE IN MAURITANIA

On 12 July 1984, the El-Rhein Guelb iron ore processing plant north east of Zouerate officially came on stream with 4 million tons of Guelb ores already neatly stacked for treatment-enriching in a dry magnetic process. Zouerate is a mining town built over 20 years ago; iron ore has been mined in Mauritania since 1963, but the original development was for the hematite mines in the great massif of Kedia d'Iddji. Tazadit is one of the most famous mines in the world but the deposits are now worked out, except for Tazadit VI. From Tazadit, all along the 30 mile north face of Kedia d'Iddji there are more mines — Rouessa, Segazou, and F'Derik (a mine as well as a town), but only Tazadit VI and Segazou will be operational in 1990 and the tonnage of Kedia ores exported from Nouadhibou — 400 miles down the railway track — will only amount to 3/5 million tons. Already the F'Derik mine has closed (June '85). A typical ship loading in Nouadhibou today would take on board a selection of Mauritanian ores; for example, the Fuerte Ventura loaded 51,000 tons of Guelb ores and 73,000 tons of several grades of Kedia ores between 1800 on 23rd June and 0800 on 25th June 1985.

When SNIM, the mining company based on Nouadhibou, re-

alized that the Kedia ores would be exhausted well before the end of the century, it knew it would have to develop Guelb ores at the 81/82 rate of 6.5 to 9.5 million tons per annum. In 1986, Mauritania budgets to sell over 10,000 tons of various grades of ore in toto.

Guelb is mountains of iron protruding through the desert plateau north and north-east of the Kedia d'Iddji massif; these black quartzite 'rocks' rise as high as 675 meters (Atomal guelb) above sea-level and are 35/42 per cent magnetic quartzite iron ores. The first two guelbs picked on for development were El-Rhein (490 meters when 'leveling' work started — the iron plug descends into the plateau so the El-Rhein guelb mine will soon be worked as a hollow after the mountain top has been dug away) and Oum-Arwagen, start-up set for 1988/1991, dependant on the development of Guelb ores' demand. The first train of Guelb ores only reached Nouadhibou in November 1984 and Guelb sales in 1985 are not expected to make a major contribution to the projected 10 million tons of exports in 1985. 1986 will be the first major Guelb ores' year.

Long before the switch that set in motion the primary crusher, the Aerofalls and the magnetic separation plant, was operated, giant 80 ton capacity trucks were carrying El-Rhein Guelb ores down to the first stockpiles and the summit of the Guelb had been sliced off completely. The enriching plant is sited close to the Eastern side of El-Rhein and just 10 kms from the second Guelb, Oum-Arwagen. Now Mauritania can look forward to producing and selling up to 15m tons per annum of Guelb and Kedia ores — a reasonable target for 1989/1990. Sixty-six millions tons of Guelb mountain has to be dug away to produce 33m tons of Guelb ores and then the plant enriches this from 37/42 per cent to 65/66 per cent 'Fe' iron ore by

crushing it and extracting the ore element magnetically — mercifully a 'dry' process. Kedia ores are non magnetic and the lower grades would need millions of gallons of water in an enriching process, and there is no water.

El-Rhein is close to Zouerate so, for the Guelb development it was possible to use the existing infrastructure. More workers' houses were built in Zouerate and also a road N/NEwards joining the El-Rhein mine and plant to the Kedia ores complex at Zouerate. A railway was also built northwards from F'Derik to El-Rhein as a spur line. Naturally, 400 miles away in Nouadhibou, a reef was carried out to receive the Guelb ores — three trains a day should be normal by 1987 and tonnages are steadily increasing from 7,4mt in 1983 through 9.5mt in 1984 to over 10mt in 1985. Dependence on the economies of Europe, the USA and Japan, the 10m tons high-watermark should be passed in 1985/86. Saudi Arabia, Kuwait, Abu Dhabi, Japan, ABD/BAD, OPEC, EC, World Bank, Iraq, Morocco and France have all put money into the SNIM/Guelb project. It is a great tribute to SNIM management that there were no overruns and the work was completed within the set Dollar traminies (\$450 million maximum). There is nothing to hold Nouadhibou back from exporting over 14mt of iron ores a year; the record month to date was May 1983 with 1.28mt and work programs currently cater for 6 ships in one week. Mauritania's major iron ore customers are Italy, Belgium, France and the United Kingdom as the table demonstrates.

Rupert Bibra.

Exports of ore to 4 leading customers			
1978	1985	1984	
1.45	2.32	2.67	ITALY
.51	1.55	2.23	BELGIUM
2.20	1.65	2.19	FRANCE
.88	.69	1.02	U.K.
6.50mt	7.40mt	9.52mt	ALL MARKETS

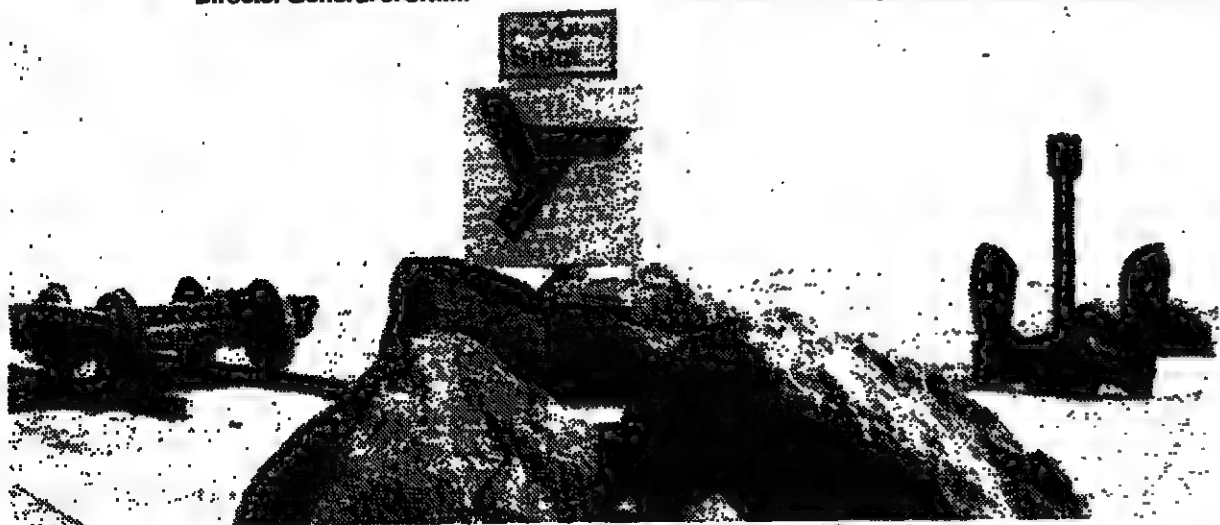
mt = Millions of Tons

	FeT%	Fe + %	SiO2%	Al2O3%	P%	S%	d50 ()	% de —150
GMAB	68	18	7	0.3	0.015	0.012	370	20
GFM	65	6	6.5	0.5	0.02	0.012	400	13

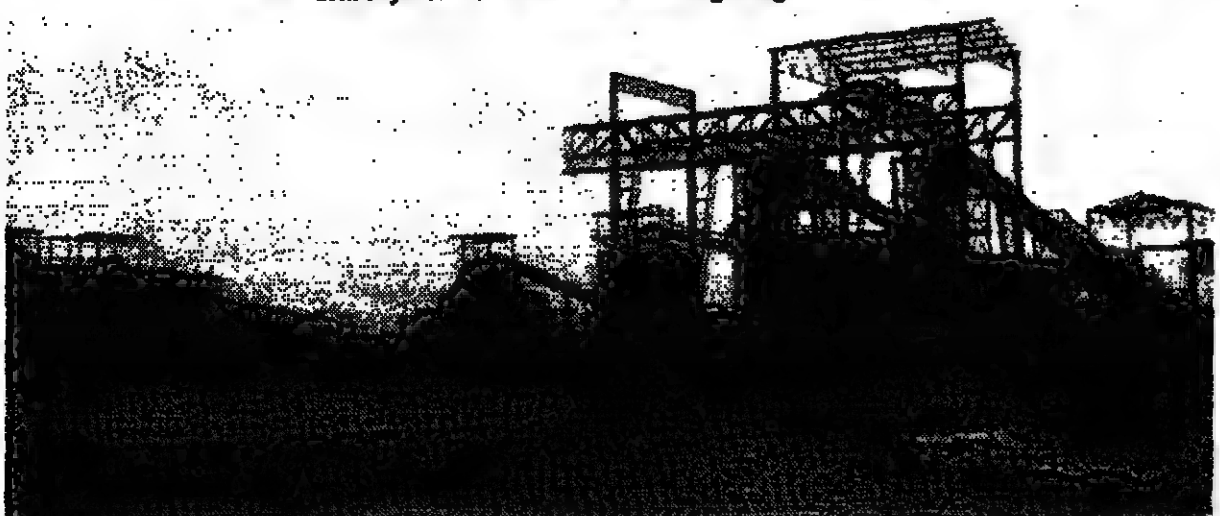
The chemical specification of the new GUELBORES



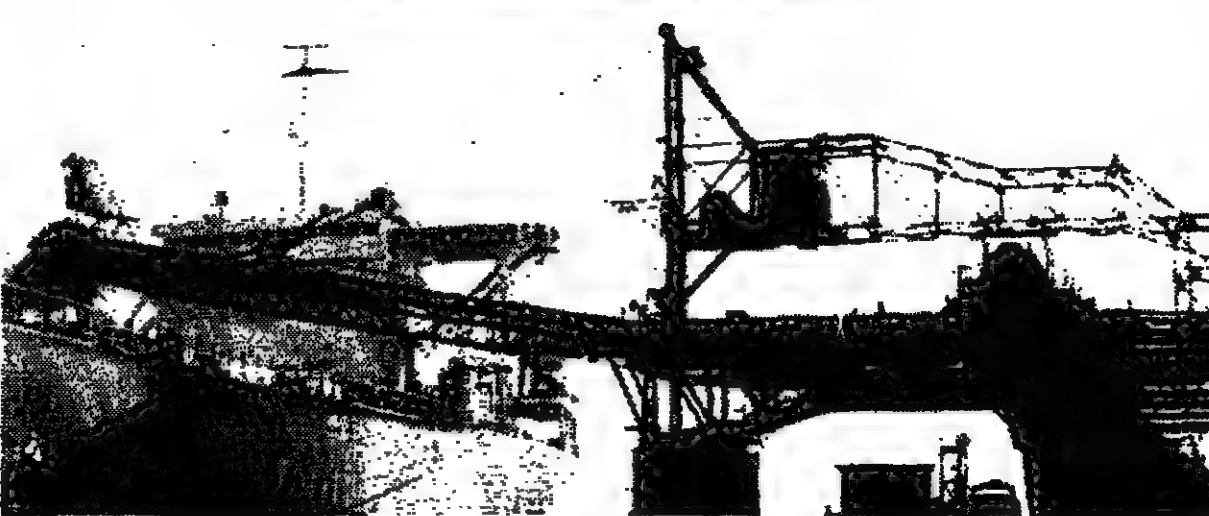
Mohamed Salem Ould Heine
Director General of SNIM.



SNIM symbol at entrance to the mining village of Cansado.



Central iron ore grinders at ore tanker port.



Loading of ore tanker at SNIM ore tanker port.

الشركة الدولية للصيد البحري والتجارة

Société Internationale
de Pêche et de
Commerce

ش. د. ص. ت.

S.I.P.E. CO.

ص. ت. ٤٤٧ - ص. ب. ٢٤٣

الهاتف ٢٠٨٦ - فاكس ٤١٧

الواذيبو - موريتانيا

RC 447 Boîte Postale 243

Téléphone: 20-86

Télex: 417

NOUADHIBOU - MAURITANIE

SAMMA

SOCIÉTÉ D'ACCONAGE
ET DE
MANUTENTION EN
MAURITANIESOCIÉTÉ ANONYME CAPITAL 36 000 000 UM -
RC NOUADHIBOU No 104
SIEGE SOCIAL - NOUADHIBOU
REPUBLIQUE ISLAMIQUE DE MAURITANIE

- AGENCE MARITIME * MANUTENTION * TRANSIT -

TELEX: 433 MTN

TELEPHONE: 22-63 - 23-64

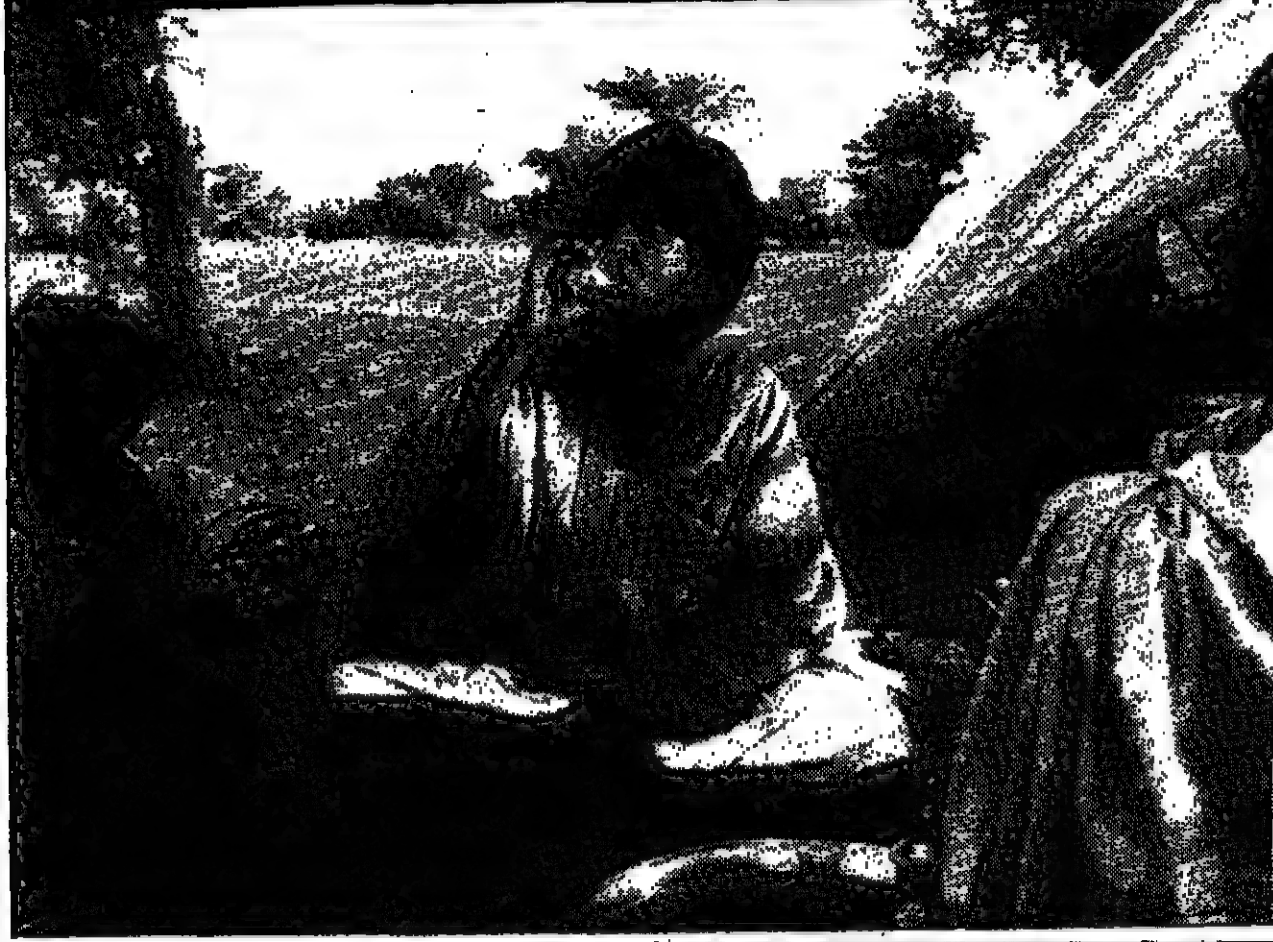
BOÎTE POSTALE: 258

TELEGRAMMES: SAMMAR

Directeur Général: Mohamed Lamine

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Tél. (1) 775-15-11
Télex: SAGAMALLE PUTEAUX
Télex: 620558 ARMEMENALGERO
MAURITANIE
DES PÊCHESOne of the
refrigerated
4.5 ton vessels.
Deep water
vessel
unloading its
haul at the Port
of Nouadhibou.Brahim Ould Bokkha
Director General of ALMAP.Sorting and
washing the
fish before
freezing.Control room
The most
refined
installation and
equipment in
Africa.

- Capital 4 million \$US
- Investment 18 million \$US (loan from the Banque Algérienne pour ALMAP development)
- Modern factory, the only one of its type in Africa
- - laboratory - mechanical workshop - electrical workshop - net preparation workshop - storage system "Stocax" automatic
- Fresh fish equipment
- - six 22m vessels - 5 freezers
- Production 8,000 T/year
- Export exclusively on the Algerian market in collaboration with SMCP
- - 8,000 ton in 1985 - 15,000 expected for 1986 - only fish of the highest quality.

ALMAP - Asst. Director General - Ahmed Hechmaoui
P.O. Box 321 Nouadhibou - Mauritania
Telex: 424 MTN Tel: 2148 2301MAURITANIA
25 Years After Independence

Top left, the pale-skinned Touareg peoples take care not to expose their skin to the sun. Top right, nomads set out in the desert. Above, a Mauritanian milkman on wheels draws off a measure of milk. Left, drinking tea to wash away the dust of a long day's traveling. Middle, a typical Mauritanian decoration.

Agricultural Development Hinges
on Irrigation Projects

For the farmers in Mauritania's main agricultural area, along the southern border, 1986 could be a happier new year indeed. An important new dam at the mouth of the Senegal River will stop the incursion of salt water washing back in from the Atlantic.

The Djama dam, built as part of the work of the Organisation pour la Mise en Valeur du Fleuve Sénégal (OMVS), has just been completed ahead of schedule by mainly French and Spanish contractors. Finance for the \$156 million dam came from several Arab donors — Abu Dhabi, Kuwait and Saudi Arabia — and from France, the Abidjan-based African Development Bank (ADB) and the ADB's concessional-lending arm, the African Development Fund.

Salt-water incursion has caused severe damage to cropland in previous years when drought occurred. In 1983, for example, Mauritania's total rainfall was only 27 percent of the average level for the period 1940-1971. With less water coming in, the volume of the Senegal River fell dramatically, and the force of the flow was not strong enough to prevent salt water from the ocean from washing in with the tide over vulnerable croplands. This has occurred in other years as well.

The Djama dam, on the river's delta, now hales the inflow of salt water even when the river level is very low upstream. It also forms a reservoir for irrigation.

Irrigation is of vital importance to Mauritanian agriculture. Only a small proportion of the country's total land area is usable for agricultural purposes. The Sahara Desert covers two thirds of Mauritania, and much of this land has too little vegetation even to graze cam-

els. No rainfall at all has ever been measured in some parts of Mauritania.

Still, a few larger oases do support some forms of agricultural activity, Ater being a main one. Herders raise goats and camels, and some oases produce tree products like dates and gum arabic, which comes from the sap of certain types of acacia tree. A few oases even support miller-growing, though on a small scale.

Most of the other third of Mauritania is Sahelian land. Twenty years ago, the area used to support many people who grew millet and sorghum and raised goats, sheep and cattle. Drought came year after year, though, and herds were decimated. When drought successive crops failed, many people left the land.

Often one reads of a 17-year drought in Mauritania or of similarly lengthy dry periods in other countries. Drought, though, is perhaps not a strong enough word for what is happening in the Sahel. Experts consider 250 millimeters of rainfall a year the bare minimum — the difference between marginal land such as the Sahel and unproductive true desert land like the Sahara. In Mauritania, that line has moved 200 kilometers southward in the past 20 years. This means that a strip of land 200 kilometers wide and potentially running the entire 1,000-kilometer width of Mauritania — an area of 200,000 square kilometers, of one fifth of the country's entire surface area — has changed from marginal land to unusable land. And that ominous line is still moving southward today. Several projects are under way to halt desert encroachment by planting grasses on shifting dunes.

It therefore falls to the *chemama* — that narrow strip of land along the Senegal River —

to produce most of the country's food and cash crops. Measuring some 10-25 kilometers wide and running about 400 kilometers long, the *chemama* can, given favorable conditions, produce millet, sorghum, paddy rice, beans, vegetables, groundnuts, sweet potatoes, yams, and even corn, wheat and barley. Official figures for the 1983 crops are not yet available, but it is widely expected that the millet and sorghum crops will have risen perhaps threefold or more from 1984's drought-reduced level of just 12,000 metric tons. The 1981 output of both grains was 67,000 metric tons.

The Rome-based United Nations Food and Agriculture Organization (FAO) has no fewer than 15 projects under way in Mauritania at the present time. They range from providing fertilizers to subsistence farmers to establishing seed farms, funding a system of agricultural credit, rehabilitating pumping systems for existing irrigation systems, controlling cattle parasites and diseases and improving fish-processing techniques (see related articles on the fishing sector).

Linda Van Buren

Several small-scale irrigation schemes will soon be implemented in southern Mauritania. The World Bank's soft-lending affiliate, the International Development Association (IDA), extended in 1983 a credit of 7.7 million special drawing rights (SDRs, equivalent to \$8.2 million), which will partially finance 75 irrigated plots of 20 to 25 hectares each to benefit 2,900 farm families and produce 10,000 metric tons of grain annually. The French are funding a similar scheme involving 82 plots at Boghé, and the European Development Fund is now appraising (Binnie and Partners of the U.K. is conducting the study) a 2 million European currency unit (ECU) (\$1.7 million) project to build small dams in the Hodh region.

Mauritania's economic planners have made it clear that they regard agricultural development as a top priority. Further projects along the lines of these are expected in the coming few years that will give the Mauritanian farmer a better chance of harnessing nature, rather than falling victim to it.

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Linda Van Buren

FIAP

The Fédération des industries et armements de pêche (Fédération of the Shipowners and Fishing Industries) was created on June 14, 1982, and is one of the members of the Confédération générale des employeurs de la Mauritanie (General Confederation of Employers of Mauritania).

A professional organization, it includes all the traders within the field of fishing and allied sectors: shipowners, land industries, deposit agencies, handling, suppliers, marine. It has 61 members.

Like any syndicated organization, FIAP has as its objective the defense of the material and moral interests of its members. In addition to these duties, it works for the promotion and development of this sector through studies and research. It acts as a hinge and a "drive belt" between the economic operators and civil authorities. It informs the former of the policy of the national administration, making them aware, mobilizing them and encouraging them to contribute. It confronts the latter with problems encountered in the sector and acts in conjunction with the appropriate authorities toward their solution.

Islamic Republic of Mauritania
THE FRIENDSHIP PORT
OF NOUAKCHOTT

This port, with a capacity of 500,000 tons, will be made up of two parts:

- a) WORK AT SEA
— an access bridge 730m long and 13.5m wide
— a docking quay of 585m which can receive 3 ships simultaneously with a capacity of 10,000 to 15,000 tons.
— a jetty.

- b) LAND INSTALLATIONS:
— 2 buildings, one for the Port Administration and the other for the Police and Customs;
— A garage
— An infirmary and a rest room for workers
— 50,000 m² of tarred raised areas for the storage of products in the open air
— Lighthouse: this is the highest part of the Port.

CONCLUSIONS

The putting into service of the Friendship Port, planned for 1987, will allow Mauritania to not only unload all its imports, but also, and above all, will give the land-locked countries of the sub-region access to the sea.

Maritime Establishment and
Project for a Deep Water
Port in NOUAKCHOTT

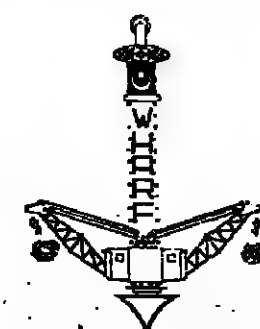
Created to meet the import and export requirements of our country and therefore reducing its economic dependence vis-à-vis foreign countries, the task of the wharf in Nouakchott was to unload 50,000 tons annually, with this figure capable of being increased to 100,000 tons by the strengthening of existing equipment.

In 1968 the first extension of the Wharf took place for an investment of 83,061,704 UM from the EDF; the second took place in 1975 for an amount of 84,401,137 UM from the CIO and the last was to become a reality in 1981 with the construction of the cement-manufacturing docking wharf. This construction cost the Cement Company of Mauritania a sum of 12 million Ouguiyas.

After this last extension, the annual unloading capacity of the Wharf is 450,000 tons.

In 1982, 325,442 tons were unloaded, of which around 94,336 tons of cement is the largest figure ever achieved since the building of the Wharf.

E.D.F.: European Development Fund
C.I.O.: Crédit Industriel de l'Ouest (Industrial Credit of the West) (France).



TEL: 514-53 516-15
B.P. 267-NOUAKCHOTT
TELEX 538 MTN

Statistics Index	
AMEX prices	P.28
AMEX volume	P.28
NYSE prices	P.34
NYSE volume	P.34
Commodity prices	P.32
Commodity volume	P.32
OTC prices	P.32
OTC volume	P.32
Other markets	P.32

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WALL STREET WATCH

There's Still Year-End Rally Under the Christmas Tree

By EDWARD ROHRBACH

PARIS — With stocks staging one of the strongest quarterly advances in history, Christmas has come early to Wall Street. But investors probably haven't opened all their presents yet. Still under the tree is the year-end rally, a phenomenon the market perennially celebrates.

"Year-end rally?" chuckled Philip Roth, technical analyst at E.F. Hutton. "The year-end rally began the end of September!"

Yet he remains impressed with the stock market's momentum and does not see any reason why Santa Claus won't come by again this year, though "overextended" stocks, the recent hottest performers, are not expected to participate so avidly.

"In 1985 the market's been driven higher by the institutions," Mr. Roth said, "with the public heavily on the sell side."

Some analysts call this the most erratic, unpredictable time of the year.

However, for the first time this year he noted buying recently in the firm's margin accounts and thinks individual investors probably are becoming tempted again by Wall Street's tinsel. "The combination of tax-selling abating just before Christmas and the impressive gains already made by stocks should encourage the public back in," Mr. Roth said.

BUT HE WARNED that if Wall Street does not rally at the year-end, or at least by the first weeks of January with the help of normal reinvestment demand that develops then, "it will be distinctly negative for the stock market."

Joseph Granville, a market adviser, thinks in a pessimistic minority view. "Any further rise now will simply borrow from a year-end rally, and the market would risk a major top in December."

G. Stanley Berge, market analyst for Tucker Anthony, added: "Anyone who has carefully studied market action during December knows that it is by far the most erratic, unpredictable, frustrating period of the year."

No significant year-end rally is expected by Peter Stevenson, director of equity research and fund management at Amsterdam's Bank Mees & Hope. But he does not see Wall Street retreating, either.

"Institutional window-dressing — buying more of the high-performing blue chips that will make 1985 portfolios look best — should easily maintain U.S. stocks at their current high level," he said.

Moreover, Mr. Stevenson judges investor confidence is strong, reflecting moderate growth for the economy with low inflation and interest rates. He added that people are also buying stocks because they think corporate profits, after a "disappointing" 1985, will accelerate in the next two years.

Plus, there's a lot of cash around, and among the investment alternatives, only bonds are competitive, but equities are still more attractive," he said.

However, Wall Street's advance has probably been too rapid, and Mr. Stevenson thinks a correction is likely in January or February. Triggering it, he said, could be continued delay by the Federal Reserve in cutting the discount rate.

If the U.S. economy does continue to grow only moderately, Mr. Stevenson prefers "technology in its broadest sense" as the area on Wall Street to invest. This includes drug stocks with a biotechnology kicker, such as Bristol-Myers and Merck, in addition to issues ranging from International Business Machines, Digital Equipment and Texas Instruments to Avnet and AMP Corp.

Multinationals he cited are Coca-Cola and McDonalds. He also gave a nod to telephone utilities, notably the Bell group.

Marvin Zweig, editor of Zweig Forecast, calls this by far the most significant seasonal period of the year for Wall Street and points out that it is the only one with a strongly upward bias for more than just a few days.

He cited three main reasons for year-end rallies: "First, it

(Continued on Page 21, Col. 4)

Japan Ends Rate Support

Will Let Levels Move Naturally

Compiled by Our Staff From Dispatches

TOKYO — The Bank of Japan has scrapped its policy of propping Japan's short-term interest rates, the central bank's governor, Satoshi Sumita, said Wednesday.

At the same time, Prime Minister Yasuhiro Nakasone told an economic policy advisory committee meeting that the climate was now favorable to lower interest rates through international cooperation.

Mr. Sumita said: "The bank understands that it can now let short-term interest rates move naturally, by allowing the market of keeping the rates at a high level."

He said the economic environment permitted such a change, as the yen-dollar exchange rate had stabilized in favor of the yen and U.S. interest rates were coming down.

The interest-rate policy was introduced Oct. 26 to raise the value of the yen. The announcement triggered a sharp rise in Japanese money markets and pushed the yen sharply higher against the dollar.

Monetary sources said that if short-term interest rates were maintained at their current high level, they would keep corporate borrowing costly, hampering Japan's economic growth.

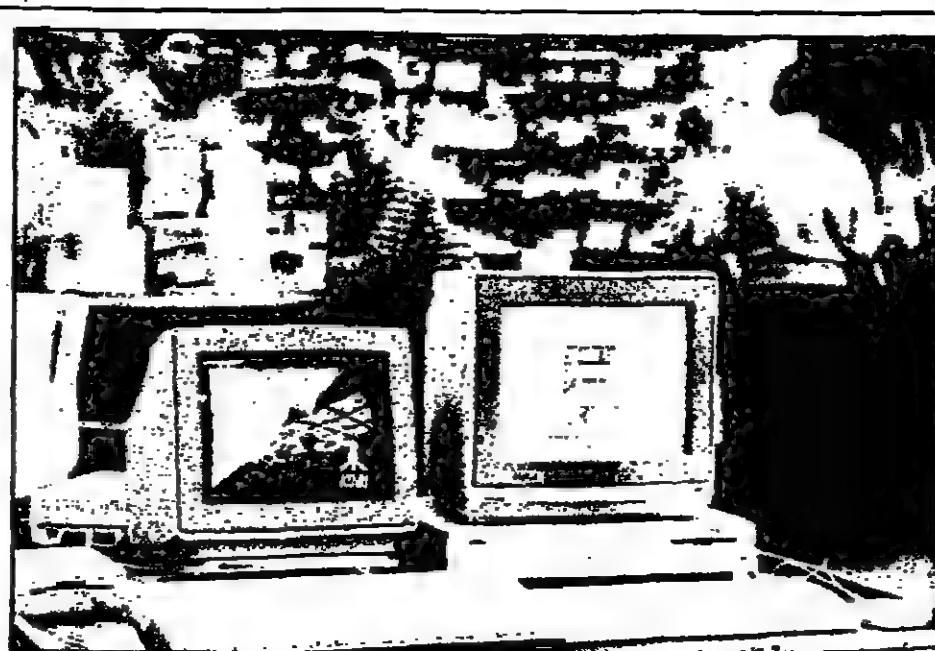
According to Japan's Jiji news agency, Mr. Nakasone said that lower interest rates are important for Japan, which wants to expand domestic demand.

But Makoto Kuroda, who heads the International Trade Policy Bureau of the Ministry of International Trade and Industry, predicted Tuesday that, despite efforts to shrink its large surplus with the United States, Japan would continue to record substantial increases in exports and declines in imports.

He said Japan's policies will remain geared to making Japan's domestic markets more accessible to imports, but he expected that "we will be criticized for continuing to increase our exports because that situation will continue."

Official sources reported Wednesday that Japan will aim at an inflation-adjusted economic growth rate of 4 percent in fiscal 1986.

(APR. Reuters, NYT)



Commodore Amiga, right, shown with Atari 520 ST at San Leandro, California, store.

Commodore, Atari in Showdown

Battle of New Computers May Decide Who Survives

By Andrew Pollack

SAN FRANCISCO — To demonstrate the capability of its new Amiga computer, Commodore often displays on its screen a surprisingly realistic picture of a colorful bombing ball. So it was a deliberate challenge when, at a recent trade show, rival Atari placed its new 520 ST computer beside the Amiga — and displayed on its screen a virtually identical bombing ball.

But there was a major difference: "Amiga, \$1,795" read the sign under the Commodore product. "Atari ST, \$999," read the Atari sign.

"A picture is worth a thousand words," said Jack Tramiel, chairman and chief executive of Atari.

The biggest battle between these two companies, and the newest skirmish in a jaded computer market, has begun. Commodore International Ltd. and Atari Corp., fierce competitors for years, are challenging each other — as well as the industry giants, International Business Machines Corp. and Apple Computer Inc. — with these two flashy machines aimed at business as well as home users.

For both companies, success with these products is vital if they are to remain in business. Yet there is a feeling within the industry that only one product will make it.

The two computers are the major new ones on the scene for this year's holiday buyers. Both are selling well, according to the companies and their retailers, except that both computers have arrived on the market too late and with too little software available to make a big dent in the market this Christmas.

In addition, production volumes and distribution of the two newcomers are still limited, and many machines are being bought primarily by computer enthusiasts. Hence, the battle will actually be decided after Christmas, when production volumes rise.

The main attraction of both the Amiga and the ST is their color-graphics capability at a relatively low price, especially for the business user. Many in the industry say that the Amiga, which sells for \$1,300 without a monitor or \$1,795 with one, is more impressive technologically than the Atari.

But the Atari machine, at \$999 with the color monitor, or \$799 with a monochrome one, has the price advantage.

Atari, which reached the market in midsummer, has sold about 50,000 machines to dealers and expects to ship 50,000 more by the end of the year, according to Mr. Tramiel. But more than 70 percent of Atari's sales have been to dealers in Europe, where the machine has been accepted more readily than in the United States, Mr. Tramiel said in an interview. "I'm not happy in the United States," he said.

Commodore began shipping Amigas at the end of September, but supply has been limited and delivery of monitors has been slow. Company officials and some analysts estimate that the company will ship 40,000 to 60,000 by the end of the year. But Charles Wolf, an analyst with First Boston Corp., says Commodore might ship only 20,000 to 30,000 machines by the end of the year. So far, however, because of limited supplies, the computers are selling as fast as Commodore can ship them.

To sustain early momentum, however, both companies need more software and wider distribution. Thus, in addition to battling for consumer purchases, they are competing for the support of software writers and dealers.

"It reminds me of a presidential election," said Trip Watkins, president of Electronic Arts, a software publisher.

(Continued on Page 21, Col. 1)

Latin Debtors Ask for Lower Interest Rates

By Alan Riding

MONTEVIDEO — Latin America's leading debtor nations have proposed a set of "emergency measures" to alleviate the region's fiscal crisis, including a reduction of interest rates on their debts.

The proposal was made Tuesday night at the end of a two-day meeting in Uruguay that was attended by foreign and finance ministers of the 11-nation Cartagena group, called together to prepare the region's response to a recent U.S. debt initiative known as the Baker plan.

The proposal also contained a call for new loans from commercial banks and for a softening of credit conditions of the kind frequently demanded until now by the International Monetary Fund.

A five-nation committee, made up of Brazil, Mexico, Argentina, Colombia and Venezuela, was formed to follow the progress of the plan and to propose "alternative measures" if its objectives are not fulfilled.

Apparently anticipating negative reactions to the proposals, Argentina's economy minister, Juan Sourrouille, insisted that this was not a step toward formation of a debtors' cartel. "We are not threatening anyone," he said. "We are proposing a constructive dialogue."

The proposals are expected to face resistance from some creditor governments and banks that until now have renegotiated an important part of the region's \$360-billion debt but have been unwilling to reduce interest payments.

After meeting in private for two days, the region's finance and foreign ministers focused their arguments on the need to channel current interest payments toward internal economic growth.

They said that they anticipated zero economic growth for the region this year, while \$32 billion would leave Latin America in the form of debt servicing.

To achieve an economic recovery, the ministers proposed not only a reduction of interest rates "to historical levels," but also provision of new commercial credits, with banks reducing their profit margins. They urged banks to maintain their "real exposure" in the region by providing additional loans to compensate for inflation.

Further, while not formally endorsing Peru's decision to limit interest payments to 10 percent of its earnings from exports, the ministers proposed a ceiling on capital outflow linked either to growth rates or export levels.

"It's quite apparent that if we pay full interest, we will have to accept more unemployment, more bankrupt industries and more violence," said Peru's economy minister, Luis Alva Castro. "The only way out is to pay less."

Looking for new sources of capital, the Cartagena group also proposed a 20-percent increase in loans by the World Bank and other international financial organizations over the next three years.

The group said the United States had taken "a positive step" in proposing the plan, which offers to channel \$39 billion in new credits to 15 heavily indebted nations through 1988, but it added that this was "insufficient." The plan is named after the U.S. Treasury secretary, James A. Baker 3d.

Other members of the Cartagena group, which takes its name from the Colombian city where the debtors first met in June 1984, are Bolivia, Chile, the Dominican Republic, Ecuador and Uruguay.

EC Unveils Program To Revise Price System

Brussels

BRUSSELS — The European Community Commission unveiled plans Wednesday to overhaul the complex price-support system administered under the EC's controversial Common Agricultural Policy.

The measures include a program to encourage the retirement of farmers over 55 years old, cash aid to farmers who adopt environmentally-conscious methods, more-difficult access to guaranteed prices, and protection of forests from agricultural land usage.

Farm lobbyists and agricultural experts based in Brussels criticized the proposals for failing to include precise details, even after six months of debate, and said more far-reaching schemes first proposed had now been dropped.

Outlining the reform initiative at a news conference, the agricultural commissioner, Frans Andriessen of the Netherlands, said the broad aim of the package was to introduce more market-oriented policies while at the same time accepting that price cuts alone could not solve the key problem of surplus.

"A comprehensive approach and only a comprehensive approach can solve the problems," he told reporters. "We found that a policy of price cuts would not do the trick."

The proposals follow a review of

community agriculture policy that was begun in July.

Mr. Andriessen did not give details of the size of a new tax on traded cereals, or of tighter quality controls on grain sold into community stores. He said these would be published early next year, before EC ministers debate the plans.

Japan Air Names A New President

United Press International

TOKYO — Japan Air Lines appointed a new president Wednesday in a management reshuffle ordered by Prime Minister Yasuhiro Nakasone after the crash of a JAL Boeing 747 in August, in which 520 persons were killed.

At an extraordinary shareholders' meeting, Susumu Yamaji, an adviser to the airline, was elected to succeed Yasumasa Takagi as president of JAL, which is 34.5 percent owned by the state. Mr. Yamaji, 68, joined Japan Air Lines in June. Shareholders also named Junji Itoh, president of the cosmetic company Kanebo Ltd., to the new post of vice chairman.

Mr. Takagi, who resigned to take responsibility for the crash into a mountain in central Japan, again apologized at the meeting.

Currency Rates

Cross Rates	Dec. 18
American dollar	100.00
British pound	166.00
French franc	6.55
German mark	3.36
Italian lira	2036.00
Japanese yen	163.60
Netherlands guilder	3.76
Spanish peseta	166.64
Swiss franc	9.48
U.S. dollar	100.00
West German mark	3.36
Japanese yen	163.60
French franc	6.55
British pound	166.00
Italian lira	2036.00
Netherlands guilder	3.76
Spanish peseta	166.64
Swiss franc	9.48

Source: Reuters, London, Dec. 18, 1985.

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Japan Gingerly Grasps the Auto-Export Nettle

By John Burgess

TOKYO — Reluctantly, Japan has begun to grapple again with an issue that has few rivals in potential to poison trade relations with the United States — whether to extend quotas on exports of automobiles.

The current program, which holds sales to the United States to 2.3 million cars per year, expires March 31. But already, manufacturers and government are gearing up for closed-door consultations that could continue right up until the deadline.

They hope to avoid a replay of last spring, when Japan's announcement that it would raise the quota by 24 percent provoked angry cries from Congress and helped push the two countries' trade relations to their lowest point in years.

Many officials in Tokyo concede that the timing and tone of that announcement was a public relations fiasco. But they maintain that the decision was fundamentally just, as a step toward free trade.

Now they must decide again. "We should learn from history and experience," said Makoto Kuroda, head of trade policy at the Ministry of International Trade and Industry. He said no consultations were under way yet, and, noting the extreme sensitivity of the issue, said: "Better to keep quiet."

Last week, Japanese newspapers carried brief articles on the issue, quoting an unnamed senior official at MITI as saying that quotas would not be extended, though he said Japan would reconsider in the event of unspecified "big changes" in the general situation.

The story attracted only minor attention in Tokyo. In many ways it simply reiterated Japan's official position that the quotas are an aberration and must end as soon as possible. The reported reference to "big changes" left adequate leeway for continuing the restraints.

In Congress, however, the remarks drew strong condemnation and seem to have been read as a formal decision for a new "export

wave" across the Pacific. That would further drive up a U.S. trade deficit with Japan that this year is expected to total about \$50 billion. Adding 100,000 cars to the quota, for example, would add around \$800 million to the deficit.

A MITI spokesman quickly denied that any decision had been made. In view of the sensitivity of the issue in Washington, it seems likely the decision, like last spring's, will be made at the eleventh hour.

MITI spokesmen also pleaded ignorance about what made the statement. But industry and government sources say privately that it was the minister of international trade himself, Keiji Murata, speaking on background with the reporters who regularly cover him.

Some foreign analysts in Tokyo labeled the story a trial balloon. One Japanese official, however, saying Mr. Murata's statement was in response to a reporter's question, called it a case in which a politician had fired off emotional words without thinking them through. Mr. Murata, in any case, is widely expected to leave the job in a routine cabinet reshuffle soon.

The quotas began five years ago to give the U.S. automobile industry time to retool and recover from the dark years of the 1970s. The "voluntary restraints" were in theory a unilateral initiative of Japan, but in fact grew from consultation with Washington. Originally a three-year program, they have now been extended by one year.

The Japanese contend the quotas' purpose is now accomplished. "The U.S. automobile manufacturers have completely regained their strength and the unemployment rate is going down," Shochiro Toyota, president of Toyota Motor Corp., said at a news conference Tuesday.

Mr. Toyota and others complain that the restraints are in force at a time when the United States is pushing Japan to dismantle barriers to imports in its own market.

(Continued on Page 19, Col. 4)

NTT, IBM Form Joint Venture on Communications

Reuters

TOKYO — Nippon Telegraph & Telephone Corp. and International Business Machines Japan Ltd. announced Wednesday that they have set up an equal joint telecommunications and information-processing venture.

The new concern, Nippon Information & Communications Co., is capitalized at 600 million yen (\$2.97 million) and will begin operations next month. Nippon and IBM officials said.

"The new company will study how to link the networks of NTT and IBM computers," the officials said. A study earlier this year indicated that it can be done, and both concerns announced in September that they were planning a joint venture.

Other companies have said that the new venture could monopolize Japan's telecommunications market. But the president of the new concern, Keizo Kohno said, "Cooperation between NTT and IBM Japan will maintain fair competition."

Hanzo Ozawa, president of the Communications Industry Association of Japan, noted that NTT has Japan's largest telecommunications network and IBM is its biggest computer maker. "For them to join at a time when there is no NTT competitor is a move toward monopoly," he said.

Bundesbank Sees Trade Surplus Peaking Next Year

By Warren Getler

International Herald Tribune

FRANKFURT — The Bundesbank, West Germany's central bank, predicted Wednesday that the country's growing surpluses in merchandise trade and the overall current account will peak next year as a result of the appreciation of the Deutsche mark against the dollar and of growing domestic demand for imports.

No specific projections were provided in the Bundesbank's December monthly report, but economists here say the surplus in the current account will widen to 50 billion DM (about \$20 billion) from an anticipated 37 billion to 40 billion DM this year.

The current account is a broad measure of trade that includes merchandise and nonmerchandise items, such as services.

The merchandise trade surplus is projected by commercial bank economists to widen to about 100

billion DM in 1986, from about 75 billion to 80 billion DM this year.

Since finance ministers of the Group of Five — the United States, West Germany, France, Britain and Japan — agreed on Sept. 22 in New York to drive down the value of the dollar, the U.S. currency has depreciated against the mark by 12.5 percent, the report said.

The Bundesbank said current exchange rates appear to have achieved a stable relationship, reflecting more precisely than in the past the relative economic strengths of Western trading partners.

The Bundesbank chastised in recent weeks by U.S. Treasury officials for not intervening enough against the dollar, went to some lengths in its report to underscore the contribution to world economic recovery that the West German economy is set to make next year.

U.S. officials also have said that they believe West Germany, with a

BANQUE DE L'UNION EUROPEENNE

U.S. \$50,000,000 Floating Rate Notes 1979 - 1989

In accordance with the terms and conditions of the Note, the rate of interest has been fixed at 8 1/4 percent per annum for the interest

Pardon our pride.

For generations GE and RCA have touched the lives of millions of people. We have embodied the creative spirit of America. Its technological greatness, scientific advances, dynamism and movement.

We have entertained America and defended it. Illuminated its homes and made its airwaves dance.

Above all, we have been a pulse of progress and free enterprise.

The planned merger of our two great companies is an event that makes us very proud. And equally optimistic.

We will be a company whose strengths will have profound and beneficial effects. A company that will compete with anyone. Anywhere. In every market we serve.

We are proud of the people who over the years have built our two companies into great organizations achieving modern-day miracles. And of the people who've worked so diligently to keep our companies great — through periods of economic difficulties and technological change.

We are two companies with proud pasts. We will become one company with an important future. For the people of this country and countless millions of others around the world.

All will benefit from our products, our services, and our capabilities.

That makes us especially proud.

And very
enthusiastic.

RCA



BUSINESS ROUNDUP

U.S. Court Grants Texaco a Breather

Compiled by Our Staff From Dispatches

NEW YORK — Texaco Inc. said Wednesday that it had won a temporary federal court order barring Pennzoil Co. from attaching Texaco assets before other issues are settled in an \$11.1-billion damage judgment against Texaco.

U.S. District Judge Charles Brieant issued the order Tuesday night in White Plains, New York, the city where Texaco is based.

The order enjoins Pennzoil from taking any action of any kind whatsoever to enforce or attempt to enforce the damage judgment entered last week by a Texas state court judge, Texaco said.

Judge Brieant scheduled a hearing for Friday to hear arguments on Texaco's request for a preliminary injunction against Pennzoil.

Investors reacted strongly to the

news. In heavy trading at mid-session on the New York Stock Exchange, Texaco shares were up \$1.50, to \$29.125, while Pennzoil was off \$4.625 to \$59.875. A Houston jury ruled Nov. 19 that Texaco had wrongfully interfered with a merger agreement between Pennzoil and Getty Oil Co., before acquiring Getty itself. The jury awarded Pennzoil \$10.53 billion in damages.

The judge, Solomon Case Jr., affirmed the award on Dec. 10, as well as \$600 million in interest. He said more interest would accumulate at the rate of 10 percent annually.

Judge Caseb also temporarily waived a Texas requirement that Texaco post a \$12-billion bond after the two companies agreed that Texaco could continue operating for up to 90 days without paying

the bond while deciding on whether to appeal.

Under the accord, Texaco agreed not to file for reorganization under Chapter 11 of the U.S. Bankruptcy Code, while Pennzoil agreed not to attach any liens to Texaco property.

Texaco said Wednesday that the federal lawsuit was intended to enable it to appeal the damage award without the threat of attachment of its properties or the need to post the \$12-billion bond, which it says it cannot afford.

In a memorandum to Judge Brieant, Texaco said that terms of Judge Caseb's order designed to afford protection from the Texas lien and bond provisions did not provide Texaco with enough protection to enable it to conduct its business in an orderly manner.

Both Texaco and Pennzoil have said in the past that they are willing to discuss a settlement. On Tuesday, a Pennzoil director, Raine Kerr, indicated there had been some preliminary contact between them but nothing substantive.

Meanwhile, Texaco appeared close to completing a new financing package with 30 of its bankers that would give the company desperately needed cash.

According to banking sources, Texaco was preparing to sell \$1.7 billion of accounts receivable to its banks. The advantage of such an arrangement, known as factoring, is that Texaco would receive working capital and the banks would depend on Texaco's customers rather than Texaco for repayment.

Texaco confirmed Tuesday that it was negotiating to sell a package of receivables to a syndicate of banks led by Manufacturers Hanover Trust Co. It said the proceeds would be used to replace other maturing obligations, which include its commercial paper. (AP, NYT)

Turner, Viacom Fail to Conclude Joint Venture

ATLANTA — Turner Broadcasting System said Wednesday it had been unable to conclude talks with Viacom International Inc. on a previously announced joint venture within the time constraints of Turner's proposed acquisition of MGM/UA Entertainment Co. The acquisition is scheduled to close around Jan. 21.

As a result, the company said, it is amending Securities and Exchange Commission filings to update its financing plan for the acquisition. But it said Drexel Burnham Lambert Inc. has advised it that it will proceed on the basis of the financing plan despite the outcome of the Viacom talks.

Under the acquisition plan, Turner had registered with the commission to sell \$500 million of zero coupon notes, \$250 million of convertible senior notes, \$500 million of senior subordinated debentures and 5 million convertible preferred shares through Drexel Burnham to finance the MGM/UA acquisition.

As part of the transaction, Turner will also sell MGM/UA's United Artists Corp. unit to TriStar Corp. for up to \$480 million.

Trafalgar Sells Stake In Evening Standard

LONDON — Trafalgar House PLC has sold its 50-percent stake in Evening Standard Co. to Associated Newspapers PLC, a joint statement by the two British concerns said Wednesday.

Both sides had agreed to give no details on the value of the transaction, in which Evening Standard Co. becomes a wholly owned Associated subsidiary. The stake in Evening Standard was retained by Trafalgar when it spun off its Express Newspaper and Morgan Grampian magazine interest in 1982.

IRI Plans to Offer to Public A Stake in Its Aeritalia Unit

ROME — Istituto per la Ricostruzione Industriale, the Italian state holding company, said it will offer 35 percent of the share capital of the aerospace products manufacturer, Aeritalia SpA, to the public. The partial privatization of Aeritalia, now 20-percent owned by IRI and 80 percent by Finmeccanica SpA, was decided by directors of both companies Tuesday, an IRI spokesman said Wednesday.

The operation would take place in several stages, the spokesman said.

First, Aeritalia's share capital would be raised to 300 billion lire (\$173 million) from a current 250 billion lire in an operation to be subscribed by the existing shareholders.

On approval of a company application for a listing on Italian stock exchanges, 17.5 percent of the total share capital will then be offered to the public. This offer is expected to take place from February to March 1986.

The offer price has not been set, but the chairman of Finmeccanica, Franco Vizzini, said in a published report Wednesday that a realistic price would be around 1,950 lire per 1,000 lire nominal value share.

The third stage, which will raise the public holding to a maximum of 35 percent in the next two years, involves the issue of a seven-year, 105-billion-lire IRI-Finmeccanica bond convertible into Aeritalia shares. IRI and Finmeccanica would raise an estimated 200 billion lire through privatization.

Aeritalia shareholders were meeting Wednesday to vote on the privatization plans and on a proposed split of existing 10,000-lire Aeritalia shares into 1,000-lire units.

Aeritalia earned 16.9 billion lire on sales of 1.163 billion lire in 1984 and expects higher profits and sales this year.

COMPANY NOTES

American Cyanamid Co. will lay off 400 of the 600 workers at its plant in Linden, New Jersey, during 1986, it said. The company is transferring the manufacture of three chemical products to other plants.

BAE AG of West Germany said it had taken over American Enka, a fiber-making unit of Alzco NV, the Dutch chemicals company.

Boeing Co. said it had received orders for five 747 jets worth \$490 million. Lufthansa bought a 747-200B and a 747 freighter. All Nippon Airways ordered two 747-200Bs and KLM Royal Dutch Airlines ordered a 747-300.

Colco Industries Inc. said it had begun a tender offer of \$2.10 per share for the 60 percent of shares in Leisure Dynamics Inc. that Colco does not already own.

Forstmann-Less Associates Inc., a New York City-based investment firm, said in a filing with the Securities and Exchange Commission that it had raised its stake in Hainemill Paper Co. to 1.6 million common shares, or 10.4 percent of the total outstanding.

Gillette Co. has reached agreement with La Toja Cosmetics SA to take over the unprofitable Spanish cosmetics company for 3 billion pesetas (\$19.2 million), a spokesman for La Toja said.

Hoechst AG said it had sold its polystyrene works in Breda, the Netherlands, to Shell International Nederland Chemie Mij BV, a subsidiary of Shell Transport & Trading Co.

Koss Corp. said its fifth modified plan of reorganization was confirmed in U.S. bankruptcy court. Leucadia National Corp. said it had agreed to acquire 1,768,000 shares of common stock in Brac Co., a 41-percent interest, from Brac for about \$21.2 million.

Min Holdings Ltd. said it had sold copper refinery technology developed at its refinery in Townsville, in the Australian state of Queensland, to Compania Minera de Cananea de Mexico.

Phillips Petroleum Co. said it has won Danish government approval to start exploratory drilling on Denmark's North Sea continental shelf.

Sonatrach Inc. said it would take an after-tax charge of about \$170 million against fourth-quarter results because of a writedown of oil and natural gas reserves and a reduction of the carrying value of older equipment in the oil service field.

Japan and Car-Export Quotas

(Continued from Page 15) auto executives continue to talk of a need for "orderly marketing," a catch-all phrase meaning the avoidance of torrential exports by less formal means, perhaps self-restraint by individual companies.

The Japanese government, then, has many options before it. One would be to retain a quota, but to raise the numbers again. Or, the quota might be allowed to expire, with MITI switching to behind-the-scenes "administrative guidance."

Quotas are set through a sort of economic alchemy. Using press reports, diplomatic cables, economic forecasts and gut feeling, Japanese planners try to guess what level will be sufficiently high to keep Japanese companies in healthy sales but sufficiently low to control sentiments in Congress toward erecting barriers of its own.

Japanese companies have already opened a campaign for more access. Following the remarks last week by the official of the Ministry of International Trade and Industry, many issued calls for an end to quotas.

In the same breath, however,

Deutsche Bank's Offering Of Daimler Is Closed Early

FRANKFURT — The public offering of about 3.4 million shares of Daimler-Benz AG has been closed early in the face of heavy demand, Deutsche Bank AG said Wednesday.

The bank acquired the shares as part of its purchase of the Flick group earlier this month.

The bank's announcement Tuesday that it had begun a wide public placement through a consortium of West German and foreign banks took the stock market by surprise. It had been widely expected that the shares would be offered early next year.

The shares were being offered at 1,120 Deutsche marks (\$446) per 50 DM nominal, about 100 DM below Tuesday's close on the Frankfurt bourse.

The shares amount to 10 percent of the automaker's total 1.7 billion DM capital.

The offer price ensures Deutsche Bank of proceeds totaling 3.81 billion DM. The share offer is for payment Jan. 8.

Daimler shares were quoted at 1,195 Wednesday at the start of

bourse trading in Frankfurt, but closed at 1,186.

A Deutsche Bank spokesman said the banking consortium assembled Tuesday totaled more than 100, including major West German banks.

Deutsche Bank is taking over the whole Flick empire for a price of about 5 billion DM, effective Jan. 1.

Dealers said demand for the Daimler shares had been expected to be strong and the early close was no surprise. Some said the shares were believed to have been placed almost exclusively with institutional investors.

There were persistent rumors last week that at least 2 million of the 3.4 million Daimler shares had been pre-placed in the Far East and Deutsche Bank's purchase of the Flick empire has propelled its share price to record highs.

After active trading, Deutsche Bank closed Wednesday at a record 857, up 56 over Tuesday's close.

Deutsche Bank's share price has been boosted partly by strong operating earnings but mainly by a growing realization that it will make a huge extraordinary profit from the Flick transaction.

Toyota Reduces Output Target, Cites Exports

United Press International

TOKYO — Japan's top automaker, Toyota Motor Corp., has cut its production target for the first time in 10 years, citing a worsening export environment.

"We can hardly expect an increase in exports in view of slow demand in the Middle East, Africa and China," Toyota's president, Shoichiro Toyoda, said Tuesday. "The U.S. economy also is expected to grow at a slow pace."

The output target for 1986 has been set at 3.63 million units, down 30,000 units from this year, according to company officials.

They said exports are expected to decrease by 4 percent from this year to an estimated 1.9 million units. Domestic sales are estimated at 1.73 million units, up 3 percent over this year. Total demand on the domestic car market is estimated at 4.12 million units, up 2.5 percent or 100,000 units over this year, the officials said.

West German Unit of IIT Expects Higher Net in '85

STUTTGART — Standard Elektrik Lorenz AG, the West German subsidiary of IIT Corp., expects 1985 group net profit to be higher than last year's \$1.2 million Deutsche marks (\$20.4 million), he chairman of the management board said Wednesday.

This year's turnover for the group, which is 86-percent owned by IIT, should rise to around 5 billion DM from 4.5 billion in 1984, the chairman, Helmut Lohr, said at a news conference.

On another subject, Mr. Lohr said Standard Elektrik Lorenz had agreed to buy the remaining 51 percent of Computertechnik Müller GmbH from Diehl GmbH. He declined to give the purchase price. The chairman said he was not

completely satisfied with turnover or profit in Standard Elektrik's office communication division.

A letter to shareholders said group turnover had risen to 3 billion DM in the first nine months of 1985 from 2.8 billion in the corresponding period of 1984.

Orders in hand rose 23.8 percent to 3.6 billion DM in the first three quarters. Incoming orders rose 6 percent to 3.8 billion.

Mr. Lohr said Computertechnik Müller, which employs 650 people and is based in Konstanz, was expected to increase turnover by 25 percent to more than 130 million DM this year.

Standard Elektrik Lorenz bought 49 percent of Computertechnik Müller in October 1984 from Diehl, after approval from the federal government's cartel office.

Genentech Given Monopoly On Genetically Made Drug

By Kathleen Day

Los Angeles Times Service

LOS ANGELES — The federal government has awarded Genentech a seven-year monopoly in the use of a genetically engineered growth hormone.

The Food and Drug Administration on Monday gave Genentech's drug, called Protropin, status as an "orphan drug" for the treatment of growth hormone deficiency and Turner's Syndrome, a chromosomal disorder in female children. Orphan drugs are those intended to treat ailments affecting no more than 200,000 people.

The status means that even if the drug, which is a genetically engineered version of a human protein, is to win a U.S. patent, it will be protected from competing substances for seven years.

Genentech, based in San Francisco, said that it believes it is the first company to win such status for a drug that is also eligible for patent protection. It has filed several requests for patents for the substance. The orphan-status system is intended to give companies an incentive

to develop drugs that otherwise might be unprofitable, given the small number of people who would buy them.

Growth hormone is like any prescription drug, however. Licensed physicians can prescribe it for uses other than those for which it has been approved. A lucrative second market for Genentech's drug has been created by athletes who use it to enhance muscle growth.

Because the Food and Drug Administration has granted the orphan status, the agency will not even consider requests from companies who want approval to market competing drugs.

Protropin won approval in October as a treatment of growth hormone deficiency, making Genentech the first biotechnology company to sell a drug under its own label.

In 1983, Genentech's human insulin was the first biotechnology drug to get Food and Drug Administration approval. But the approval was granted to Eli Lilly, a giant pharmaceutical company that licensed the substance from Genentech.

Itoh Says Net Doubled in First Half

Reuters

TOKYO — C. Itoh & Co., the large commercial trading company with activities in textiles, electronics and fuels, reported Tuesday that its first-half net profit almost doubled from the earlier figure.

Net in the six months ended Sept. 30 totaled 10.27 billion yen (\$1.8 million), or 11.76 yen a share, up 86 percent from 5.52 billion yen, or 6.39 yen a share, in the first half of 1984. Sales rose 14 percent in the period to 8,037 billion yen, from 7,001 billion yen a year earlier.

at the company said the rise of

the yen will cause its group sales to fall in the second half of its business year, ending March 31.

Sales for the whole year, however, will be higher at around 15,700 billion yen from 14,543 billion yen in the previous year.

The group estimated that its net for the complete year will be about 16 billion yen, up from 13 billion yen a year earlier.

A spokesman for the company said that if the average yen rate in the current October-March half is 200 to the dollar, sales are projected dropping around 900 billion yen.

This announcement appears as a matter of record only.

\$25,000,000 Overseas Private Investors, Limited

Regular Capital Stock
Accumulation Capital Stock
\$1,000 per share

All of these shares have been privately placed with Non-U.S. Institutional investors. Overseas Private Investors, Limited will make direct equity investments in corporations located in the United States in association with investments to be made by Bessemer Securities Corporation. Overseas Private Investors will be advised on these investments by Bradford Associates and Bessemer Trust Company, N.A. (New York).

The undersigned have acted as agents in this placement.

Compagnie Européenne de Représentation Financière S.A. (Cerepfi)

Callander Securities, Ltd.
Bessemer Trust Company (Cayman), Ltd.

New Issue
December 19, 1985

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
Washington, D.C.

DM 1,000,000,000
Zero-Coupon Deutsche Mark Bonds of 1985/2015

Issue Price: 13%
Redemption: on December 20, 2015 at the principal amount
Listing: at all German stock exchanges

Commerzbank Aktiengesellschaft	Deutsche Bank Aktiengesellschaft	Dresdner Bank Aktiengesellschaft
Bayerische Landesbank Girozentrale	Bayerische Vereinsbank Aktiengesellschaft	DG Bank Deutsche Genossenschaftsbank
Salomon Brothers International Limited	Westdeutsche Landesbank Girozentrale	
Baden-Württembergische Bank Aktiengesellschaft	Badische Kommunale Landesbank Girozentrale	Bank für Gemeinwirtschaft Aktiengesellschaft
Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft	Berliner Bank Aktiengesellschaft	Berliner Handels- und Frankfurter Bank
Citibank Aktiengesellschaft	CSFB-Effektenbank AG	Delbrück & Co.
Deutsche Girozentrale	Hamburgische Landesbank Girozentrale	Hessische Landesbank Girozentrale
Industriebank von Japan (Deutschland) Aktiengesellschaft	Landesbank Rheinland-Pfalz Girozentrale	Landesbank Schleswig-Holstein Girozentrale
Merck, Finck & Co.	B. Metzler seel. Sohn & Co.	Morgen Guaranty GmbH
Nomura Europe GmbH	Norddeutsche Landesbank Girozentrale	Sal. Oppenheim jr. & Cie.
Swiss Bank Corporation International Limited	Trinkaus & Burkhart KGaA	Union Bank of Switzerland (Securities) Limited
Verein- und Westbank Aktiengesellschaft	M.M. Warburg-Bornemann, Wirtz & Co.	Württembergische Kommunale Landesbank Girozentrale

U.S. Thrift Plan to Involve Nonbanks

By Nathaniel C. Nash
New York Times Service

WASHINGTON — The Treasury is developing a rescue plan for the ailing U.S. thrift industry under which big nonbanking organizations, such as Sears, Roebuck & Co., would be invited to buy insolvent savings and loan associations and convert them into commercial banks, according to a senior Treasury official.

The plan, which would involve scores of insolvent thrifts, would put the Treasury in direct opposition to the Federal Home Loan Bank Board. The board has sought to bar entrance into the savings and loan industry by financial conglomerates.

The tentative Treasury plan, disclosed Tuesday by an official who refused to be identified, represents a view within the Reagan administration that the thrift industry should gradually be merged into the much stronger commercial banking industry.

Such conversions could significantly shrink the size of the U.S. thrift industry. While well over 1,000 healthy institutions earned record profits this year, another 900 to 400 thrift units were essentially insolvent, according to industry estimates. The General Accounting Office, an arm of Congress, estimated a few weeks

ago that another 1,300 thrift institutions were approaching insolvency as of the end of October.

The Treasury's draft plan, which the Treasury believes would not require legislation, would represent a major entrance of nonbanking organizations into the banking industry in circumvention of federal laws.

The Treasury official said that in any solution to the thrift industry's problems, substantial sources of new capital would have to come from the private sector.

"When you look at the available sources of funds, the government is not about to come up with any money at this time of deficit," he said.

"And there is just so much you can get from the thrift industry itself, so that leaves the private sector. When you get a realistic proposal from someone like a Sears, you should listen to it very carefully."

The Treasury could encounter some opposition from the new Comptroller of the Currency, Robert L. Calkins. He told reporters Wednesday that he would oppose the plan, which remains the choice of the software industry establishment. While Atari software developers are generally small, little-known companies, some from Europe, several leading home-computer software companies, such as Electronic Arts and Activision, are coming out soon with programs for the Amiga.

But the leading business software companies, such as Lotus Development, Microsoft and Ashton-Tate, have not committed to either the Amiga or the Atari. This could end up the biggest problem for the Amiga and the ST, since, as machines destined for business, they

face stiff competition from IBM and Apple computers, and it is not clear that the business-computer user really cares about colorful graphics.

In terms of distribution, neither company has been able to attract the top chains, such as Computerland or Businessland, and, instead, have gone more to independent stores. Commodore says that its product is carried in more than 700 stores and that there is a long waiting list of dealers. An Atari vice president, Michael Katz, said the ST is carried in 1,000 outlets, but industry analysts think the number is smaller and say that Commodore seems to have better distribution.

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Auditors Say Chinese Bank Kept \$9 Million From State

The Associated Press

BEIJING — Auditors have discovered serious legal violations at the state-owned Agricultural Bank of China, including the withholding of more than \$9 million payable to the government, it was reported Wednesday.

The bank, which holds millions of dollars in rural savings, was investigated after officials learned its Human province branch had falsified its 1984 annual report, the English-language China Daily reported. The branch president was dismissed.

The case led to an audit of all agricultural bank branches in the country, starting last April. The auditor-general, Lu Peijian, was quoted as saying that his staff had uncovered \$2.8 billion worth of tax evasion, fraud and waste.

"We have finished checking the reports and are dealing with a number of cases of serious violation of economic and financial laws," Mr. Lu said.

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CURRENCY MARKETS

Dollar Gains as Yen, Pound Weaken

Reuters

LONDON — The dollar moved mainly higher in European trading Wednesday as the Japanese yen and British pound lost ground in an erratic and sometimes very thin pre-Christmas market.

Dealers said there was little interest in the dollar, but that it benefited from selling of the yen and pound. Movements were exaggerated by the low volume.

In London, the pound closed at \$1.4203, down from \$1.4373 on Tuesday. The dollar closed in London at 203.025 yen, up from 201.85. In Tokyo, however, the dollar ended at 201.65 yen on Wednesday, down from 202.10.

Dealers in London said sales of yen were triggered when the governor of the Bank of Japan, Satoshi Sumita, said the central bank was ending its upward guidance of yen interest rates.

The pound was quoted in London at a low of \$1.4185 after a large sell order provoked by a statement from Iraq's oil minister, Qassem Ahmed Taji. He said OPEC was

determined to protect its share of the world crude oil market despite the harmful effect of lower oil prices.

One U.S. bank dealer said the market was so thin that people were just reacting to isolated pieces of news.

The relative lack of interest in the dollar was illustrated by its level against the Deutsche mark. In Frankfurt, the dollar was fixed at 2.5103 DM on Wednesday, very slightly down from 2.5120 on Tuesday.

Softer U.S. credit markets Wednesday after Tuesday's poor response to the Treasury's auction of two-year notes may have underpinned the dollar in afternoon trading, dealers said.

The high 8 1/2-percent opening federal funds rate was also a supportive factor. Fed funds closed Tuesday at 7 1/2 percent.

In Zurich, the dollar closed at 2.1133 Swiss francs on Wednesday, up from 2.1030 on Tuesday. In Paris, the U.S. currency was fixed at

7.712 French francs, up from 7.692.

■ **Monetary Policy Prospects**
Martha Seger, a governor of the Federal Reserve Board, has indicated that further easing in monetary policy in the near future is unlikely, according to an article published in the American Banker newspaper, Reuters reported from New York.

The newspaper story Tuesday said that Mrs. Seger told a group of credit union officials in Dallas last week that the Fed had discontinued its practice of managing monetary policy by controlling money supply, as many have suspected.

The report gained circulation in the financial markets Wednesday and helped produce a bond market retreat because it dashed hopes for a quick cut in the discount rate from 7 1/2 percent.

According to the report, Mrs. Seger also said the dollar's value had fallen enough, indicating that the Fed was unlikely to ease monetary policy further. Easing would lower interest rates and spur additional dollar declines.

THE EUROMARKETS

Trading Is Quiet; Another Yen Issue Emerges

By David Rees

LONDON — Eurobonds generally closed unchanged to slightly firmer Wednesday in quiet trading as another borrower topped the Euroyen market, dealers said.

Investor interest is almost at a standstill in most sectors of the market, so steadily firming Euroyen bond prices are offering borrowers very attractive rates, dealers said.

Following Wednesday's 10-billion-yen issue for CSX Corp., dealers said they expect at least one more new issue to emerge in the Euroyen sector before the end of the week. Credit Suisse, which has been a steady borrower, will shortly launch a fixed-rate Euroyen bond, possibly as early as Thursday.

The issue for CSX, a major U.S. railroad company, pays 6 1/2 percent over 10 years and was priced at 100 1/4.

The lead manager, Daiwa Europe Ltd., which is also expected to lead manage the Credit Foncier issue, reported strong demand for the CSX bonds, while dealers quoted them at a discount of 1 1/2, within total fees of 2 percent.

Wednesday's other new issue, a \$100-million, 9 1/2-percent, 10-year bond at 100 1/4 for the European Coal and Steel Community, also won a fairly strong reception, closing within total fees at a discount of 1 1/2.

Trading in more seasoned dollar-denominated issues was likewise, although dealers said Texaco Inc. issues jumped on news that a U.S.

federal court in New York issued a temporary restraining order blocking enforcement of the \$11.1-billion award won against Texaco by Pennzoil last month.

Texaco Capital NV's 11 1/2-percent convertible bond due 1994 and 11 1/2-percent convertible due 1994 both rose two points on the news to close at 97 and 97 1/2, respectively.

Other convertibles firmed slightly, as did fixed-rate dollar bonds. With expectations of a U.S. discount-rate cut already reflected in bond prices, dealers attributed Wednesday's firming trend to some short covering, as investors move to finish squaring positions ahead of the year-end, dealers said.

They said floating-rate notes were steady in almost completely inactive trading.

Commodore, Atari in Holiday Showdown

(Continued from Page 15)

home-software producer. "There is a lot of innuendo floating around about both machines."

In the software campaign, Atari has an early lead. Many industry experts were surprised to see more than 30 companies displaying programs at a huge Atari booth at Comdex, the personal-computer-industry trade show held in Las Vegas last month.

For the Amiga, there is virtually no software yet, and this threatens to slow sales. "There's nothing to do with it," said David Lan, president of Island Micro Systems, in Minneapolis, which sells to large businesses.

Still, many companies have committed to developing programs for the Amiga, which remains the choice of the software industry establishment. While Atari software developers are generally small, little-known companies, some from Europe, several leading home-computer software companies, such as Electronic Arts and Activision, are coming out soon with programs for the Amiga.

But the leading business software companies, such as Lotus Development, Microsoft and Ashton-Tate, have not committed to either the Amiga or the Atari. This could end up the biggest problem for the Amiga and the ST, since, as machines destined for business, they

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Wednesday's OTC Prices
NASDAQ prices as of 3 p.m. New York time.
Via The Associated Press

12 Month High Low Stock Div. Yld. % High Low 3 P.M. CHG

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SPORTS

Blood Clots Threaten Life Of 'Odyssey'

Basketball in Greece Gains With U.S. Help

By Stefan Fatsis
The Associated Press

ATHENS—Despite makeshift courts, undersized players and little money, Greece's national basketball team has reached the World Cup finals for the first time—thanks in part to a contingent of Greek-Americans.

Leading the way is the country's top player, Nick Galis, 28, a naturalized citizen who played college ball at Seton Hall in New Jersey. He scored 33 points in Greece's 111-81, last month to become one of 24 qualifiers for the 1986 tournament in Spain.

"We're starting to catch up with the rest of the world," Galis said. "We beat France in World Cup qualifying. We played Yugoslavia and lost by a point. Greece is getting there."

Galis, a 6-foot (1.82-meter) guard from Union City, New Jersey, who is sixth on Seton Hall's all-time scoring list, with an average of 17 points a game, plays for Aris of Salonika. He has led the Greek

league in scoring every year since he arrived in 1979 and, along with about 15 other Greek-American players, is credited with raising standards and stimulating interest in basketball in this country.

Weekly television coverage and increased state funding for basketball also have helped promote an amateur sport that still is not played in most Greek high schools.

The 14-team first division is characterized by inadequate facilities, inexperienced coaches, undersized players and impoverished clubs.

"One problem the Greeks have is size. They're just not a very tall people," said David Stergakos Nelson, a 6-9 center from Montclair, New Jersey, who has played for Panathinaikos, the top Athens team, since 1978.

Greece also is one of the few European countries to ban foreigners from league play. The only exceptions are Greek-Americans, but even they must become Greek citizens to be considered for the national team.

The Greek-Americans in the 168-player first division draw bigger crowds to basketball games, but say they often have salary disputes with their teams.

"You never know whether you'll get paid or not. You've always got problems with the team," Nelson said.

Greek clubs are plagued by chronic financial problems that prevent them from building new arenas that would attract enough spectators to turn a profit.

"How are teams supposed to make money? From ticket sales? The arenas hold 500 or 1,000 people," said Michalis Kiriakos, the coach of Panathinaikos, which plays on a concrete court covered with green plastic beneath a soccer stadium stand.

Aris, the league's top franchise, boasts one of Greece's three hardwood floors and draws about 5,000 spectators a game. But one league source estimated the club will lose \$350,000 this season.

The imported players say the play in the Greek league often is unorthodox by European and U.S.

standards, with games dominated by wild-shooting guards at the expense of passing and defense.

But Greece is spending \$1.3 million this year, seven times more than in 1980, to develop coaching and playing talent.

"We're taking gradual steps to improve the sport. I think we're slowly earning our place in the European basketball community," said the national team coach, Costas Politis.

The Greek Basketball Federation is recruiting new players from all over the country. Since 1981, more than 7,000 young Greeks



Kareem Abdul-Jabbar found himself in equal company during his first encounter with Patrick Ewing of the Knicks.

Ewing Gets a Draw With Jabbar In First Meeting, but Lakers Win

The Associated Press

NEW YORK—The game matched 38-year-old Kareem Abdul-Jabbar against the rookie Patrick Ewing, and the team with National Basketball Association's best record against a team with one of the worst. Age and talent won out.

Abdul-Jabbar scored five of his 26 points during an 18-9 streak down the stretch as the Los Angeles Lakers improved their record to 21-3 with a 105-99 victory Tuesday night. Ewing scored 28 points, but his New York Knicks fell to 7-18.

"Both of them held their own," said the Lakers' coach, Pat Riley. "They went at each other the whole game, both of them played to their potential, both got their numbers and played big games against defenses trying to double- or triple-team them."

Abdul-Jabbar also got 8 rebounds, 4 assists and 2 blocked shots in 33 minutes. Ewing performed admirably, leading his team with 28 points, 9 rebounds and 4 assists in the 45 minutes he played. It was an effort that commanded high praise from Abdul-Jabbar.

"He's a fine center and he'll be around a long time," Abdul-Jabbar said of Ewing, considered the best of the next generation of centers in the NBA. "When he gets more seasoning, he'll be a very, very good center. He's only been in the league two months and he's doing a very good job under difficult circumstances."

The Lakers, who were held well below their scoring average of 123.7 points per game, trailed by 87-85 midway through the fourth period. But Abdul-Jabbar's hook shot with 5:24 to play gave them the lead for good at 96-94. He completed the streak with another basket, making it 103-96 with 56 seconds left.

"It's an understatement to say it was typical the way Kareem got the big points at the end," Riley said. "He was great and Ewing's a finished player. When the Knicks fill their holes around the perimeter, they will be tough."

Ewing was most impressed with Abdul-Jabbar's famous "sky hook," which the NBA's all-time

NBA FOCUS

scoring leader, with nearly 34,000 points, used for most of his 10 baskets in the game.

"When he took his first shot, I thought to myself, 'Oh, man, how am I going to stop that hook?' I don't think there's any way to stop that sky hook," Ewing said. "When he gets the ball, you want to take him as far away from the basket as you can. I did O.K., but I made a lot of key mistakes."

The Lakers, winning for the 10th time in their last 11 games, also had Maurice Lucas score 19 points, James Worthy 18 and Ervin Johnson 17. Trent Tucker got 22 for New York.

The Knicks, despite a league-low scoring average of 93.9 points, kept the game close throughout, never

trailing by more than seven points. There were 21 ties and 17 lead changes.

The Lakers scored their first five points after Ewing quickly got five to give the Knicks a 9-7 lead. Los Angeles led, 28-24, at the end of that quarter, but the Knicks slowed the pace and prevented the Lakers from fast-breaking in the second period, holding them to 18 points. A long pass to Ewing with two seconds left allowed him to shoot a baseline jumper at the buzzer that tied the score at 46 at halftime.

Los Angeles emerged the winner, said Lucas, because his team is "used to closing tight games."

"We were just very happy to get that game over with," he said. "They played with a lot of intensity."

For Knicks' Coach Brown, Another Giant Blessing

By George Vecsey
New York Times Service

NEW YORK—Hubie Brown's past and Hubie Brown's future were present in the same arena Tuesday night as the New York Knicks took on the Los Angeles Lakers.

His introduction to professional basketball was represented by the big man in goggles, Kareem Abdul-Jabbar, and his future as coach of the Knicks was represented by Patrick Ewing.

Brown spent the 1972-73 and '73-74 seasons as an assistant coach with the Milwaukee Bucks. He saw a young, proud Kareem Jabbar, able to dribble the length of the court and pass or jump-shoot like your basic 7-foot-2-inch (2.18-meter) guard.

Now Brown is coaching another of those fellows. The other night, in a romp over the Denver Nuggets, Ewing made a behind-the-back dribble to set up a pass for a basket. Later, with what seemed like put-on humor, he insisted he had made

that play many times at Georgetown University.

"Every night he does something you haven't seen before," Brown said.

One of Ewing's problems, other than numerous injuries, is his lack of supporting cast. "That means the other team triple-teams Patrick," said Brown, "which leads to anxieties. Does he make the pass or does he take the shot? If he makes the pass, he's giving the ball to guys who are shooting 35 to 38 percent at three positions. So now you say, 'I'm gonna do it myself,' and you take a turnaround jump shot, which means you don't get the rebound because you're going away from the basket."

"Also, he busies his tail to get downcourt after a rebound and he gets into the post in a one-on-one situation and a guy with a low percentage takes a jump shot. So it's frustrating all around, but he's a great kid and he can do so much stuff on the court."

Ewing made one of Jabbar's famed skyhooks to help ensure a victory Saturday over the San Antonio Spurs. "I never saw Patrick take that shot before," Brown said, adding that he had told Bob Hill, his assistant coach, "This shows we're posting him up too close."

Brown added: "After the game, the kid insisted he had taken it before, at Georgetown," which is not likely, since the coach, John Thompson, would have sent Ewing back to his dormitory for taking 15-foot skyhooks.

This is pro ball now, and Ewing is just developing his own style, his own humor, his own style. Any doubts with the big fellow in the goggles will be a bonus.

Unfortunately, there will not be many, although Jabbar is defying all the actuarial tables by remaining a dominant center, and plans to play again next season, when he will be 39. Since East is East and West is West in the NBA, and rarely will these twins meet as long as Rudyard Kipling makes out the schedule, the Knicks and the Lakers will play only once more this season, on Feb. 2. And it is not likely the Knicks will be meeting the Lakers soon for the championship.



The referee, Ed Middleton, had a hand in breaking up a fight between Akeem Olsajuwon, left, and Mark West of the Cleveland Cavaliers. The Rockets won the game, 98-94.

French Await FIS Decision on Twins

United Press International

PARIS—The French ski federation said Wednesday it is awaiting a decision from the world governing body whether the Polish twins, Dorothea and Margot Tilkka, can race for France after they have been expelled by the Polish federation.

A French federation spokesman said the salomon specialists are training with the French team in Courchevel and are ready to enter World Cup races for France.

"France wants them and they want to race for France, but right now we are waiting for FIS officials to make a decision," the spokesman said.

"We are hoping the FIS officials will let them ski for France." The Tilkkas married brothers from Grenoble, Christian and Christophe Magore, in October and applied for French citizenship. However, the Polish federation refused to release the sisters from a license that binds them to Poland until next June.

The FIS recently ruled the sisters could continue training with the French team but must race under Polish colors.

A report on the state-controlled Polish news agency PAP Tuesday said the Polish federation has "officially" expelled the Tilkkas from the federation and their club, Legia Zakopane, for "insubordination."

The report said the measures were taken because the sisters "arbitrarily prolonged their stay abroad" and violated contracts the Polish team has with manufacturers to use certain brand names of equipment.

SCOREBOARD

Football

National Football League Leaders

AMERICAN CONFERENCE	TEAM	Yds	Pass	Yds	Pass
1	San Francisco	5541	2092	3449	1278
2	Los Angeles	5338	2177	3328	1278
3	San Diego	5235	1928	3263	1278
4	Seattle	5184	2043	3264	1278
5	Denver	4992	2127	3166	1278
6	Minnesota	4977	2127	3280	1278
7	Philadelphia	4679	2147	3232	1278
8	Atlanta	4518	2158	3158	1278
9	Indianapolis	4399	2148	3299	1278
10	San Jose	4441	2138	3253	1278
11	San Francisco	4441	2138	3253	1278
12	San Francisco	4441	2138	3253	1278

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8	Atlanta	4518	2158	3158	1278
9	Indianapolis	4399	2148	3299	1278
10	San Jose	4441	2138	3253	1278
11	San Francisco	4441	2138	3253	1278
12	San Francisco	4441	2138	3253	1278

INDIVIDUAL				INDIVIDUAL			
Team	Yds	TD	INT	Team	Yds	TD	INT
1. Jets	392	3	24	20. Morris, S.F.	591	18	9
2. San. Clin.	392	33	37	21. McMahon, Cal.	588	14	9
3. S.D.	400	254	36	22. Brock, Rams	457	24	19
4. San. Milt.	393	37	40	23. Brown, Minn.	457	24	19
5. W.C.C.	332	17	23	24. Sims, Giants	479	26	22
6. Sea.	492	238	26	25. Lerner, S.D.	447	26	16
7. Phil.	393	40	18	26. Brown, Minn.	387	20	14
8. Cleav.	328	14	14	27. DeBers, T.S.	379	19	18
9. Atl.	327	14	14	28. Joerak, Phil.	379	19	18
10. Hou.	327	126	14	29. Dickey, W.C.	314	17	20
11. N.E.	381	201	10	30. Kramer, Minn.	429	26	21
12. Atl.	377	14	14	31. Tarkenton, Minn.	381	17	14
13. Raiders	309	174	24	32. Tarkenton, Minn.	285	14	19
				33. Harris, Atl.	285	14	19
Raiders				Raiders			
ATT	YDS	AVG	LG TD	ATT	YDS	AVG	LG TD

Receivers	356	1326	4.6	61	11	ATT	YDS	AVG	LG	TD
1. J. M. Smith	10	10	1.0	0	0	1	1	1	1	0
2. J. M. Smith	328	1085	4.6	61	11	328	1085	4.6	61	11
3. C. W. Smith	216	1074	5.1	61	7	216	1074	5.1	61	7
4. J. M. Smith	224	1074	4.8	61	7	224	1074	4.8	61	7
5. J. M. Smith	224	1001	3.9	36	26	224	1001	3.9	36	26
6. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
7. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
8. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
9. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
10. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
11. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
12. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
13. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
14. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
15. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
16. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
17. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
18. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
19. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
20. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
21. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
22. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
23. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
24. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
25. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
26. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
27. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
28. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
29. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
30. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
31. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
32. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
33. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
34. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
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36. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
37. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
38. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
39. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
40. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
41. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
42. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
43. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
44. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
45. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
46. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
47. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
48. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
49. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
50. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
51. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
52. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
53. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
54. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
55. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
56. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
57. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
58. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
59. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
60. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
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64. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
65. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
66. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
67. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
68. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
69. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
70. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
71. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
72. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
73. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
74. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
75. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
76. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
77. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
78. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
79. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
80. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
81. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
82. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
83. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
84. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
85. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
86. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
87. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
88. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
89. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
90. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
91. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
92. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
93. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
94. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
95. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
96. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
97. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
98. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
99. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26
100. J. M. Smith	217	1011	4.2	56	26	217	1011	4.2	56	26

1	Atlanta	69	170	141	45	4	San Francisco	64	172	131	35
2	Los Angeles	67	193	142	72	1	Lionel, S.B.	63	168	138	35
3	San Diego	67	190	116	71	2	San Francisco	63	168	138	35
4	San Jose	61	111	182	75	9	San Francisco	61	159	124	35
5	San Francisco	61	111	182	75	9	San Francisco	61	159	124	35
6	San Francisco	61	111	182	75	9	San Francisco	61	159	124	35
7	San Francisco	61	111	182	75	9	San Francisco	61	159	124	35
8	San Francisco	61	111	182	75	9	San Francisco	61	159	124	35
9	San Francisco	61	111	182	75	9	San Francisco	61	159	124	35
10	San Francisco	61	111	182	75	9	San Francisco	61	159	124	35
11	San Francisco	61	111	182	75	9	San Francisco	61	159	124	35
12	San Francisco	61	111	182	75	9	San Francisco	61	159	124	35

Passes						Passes					
NO YARDS LONG AVG						NO YARDS LONG AVG					
1	San Francisco	72	238	68	45.9	1	San Francisco	59	224	68	45.9
2	San Francisco	72	238	68	45.9	2	San Francisco	59	224	68	45.9
3	San Francisco	72	238	68	45.9	3	San Francisco	59	224	68	45.9
4	San Francisco	72	238	68	45.9	4	San Francisco	59	224	68	45.9
5	San Francisco	72	238	68	45.9	5	San Francisco	59	224	68	45.9
6	San Francisco	72	238	68	45.9	6	San Francisco	59	224	68	45.9
7	San Francisco	72	238	68	45.9	7	San Francisco	59	224	68	45.9
8	San Francisco	72	238	68	45.9	8	San Francisco	59	224	68	45.9
9	San Francisco	72	238	68	45.9	9	San Francisco	59	224	68	45.9
10	San Francisco	72	238	68	45.9	10	San Francisco	59	224	68	45.9
11	San Francisco	72	238	68	45.9	11	San Francisco	59	224	68	45.9
12	San Francisco	72	238	68	45.9	12	San Francisco	59	224	68	45.9

Point Returners						Point Returners					
NO YDS AVG LG TD						NO YDS AVG LG TD					
1	San Francisco	38	113	4.5	2	1	San Francisco	38	113	4.5	2
2	San Francisco	38	113	4.5	2	2	San Francisco	38	113	4.5	2
3	San Francisco	38	113	4.5	2	3	San Francisco	38	113	4.5	2
4	San Francisco	38	113	4.5	2	4	San Francisco	38	113	4.5	2
5	San Francisco	38	113	4.5	2	5	San Francisco	38	113	4.5	2
6	San Francisco	38	113	4.5	2	6	San Francisco	38	113	4.5	2
7	San Francisco	38	113	4.5	2	7	San Francisco	38	113	4.5	2
8	San Francisco	38	113	4.5	2	8	San Francisco	38	113	4.5	2
9	San Francisco	38	113	4.5	2	9	San Francisco	38	113	4.5	2
10	San Francisco	38	113	4.5	2	10	San Francisco	38	113	4.5	2
11	San Francisco	38	113	4.5	2	11	San Francisco	38	113	4.5	2
12	San Francisco	38	113	4.5	2	12	San Francisco	38	113	4.5	2

Raiders											
1	3	629	11.4	32	0	J. Smith, S.H.	35	275	11.9	81	0
2	3	419	13.6	32	0	W. Smith, S.H.	3	82	27.3	28	0
3	30	307	10.2	32	0	J. Smith, Wash.	24	272	10.5	28	0
4	3	30	10.0	32	0	McConkey, Giants	48	407	8.5	37	0
Kickoff: Raiders											
MO	YDS	AVG	LG	TD		Kickoff: Raiders	MO	YDS	AVG	LG	TD
1	25	890	25.7	48	0	Brown, Rams	1	25	25.0	37	0
2	26	453	25.1	48	0	Gault, Chi.	19	325	27.4	99	1
3	28	782	25.1	39	0	Jennings, S.F.	6	467	26.7	95	1
4	28	624	22.3	48	0	McConkey, S.H.	16	312	19.5	61	1
5	42	799	23.5	42	0	Stevens, Minn.	45	2183	24.5	99	1
Scoring: Touchdowns											
Yds	Rush	Rsk	Ret	Pts		Scoring: Touchdowns	Yds	Rush	Rsk	Ret	Pts
1	15	1	12	2	0	Morris, Giants	18	18	0	0	108
2	11	0	54	1	0	Clayton, S.F.	15	5	0	0	84
3	13	7	5	0	72	Dickerson, Rams	15	15	0	0	84
4	13	7	5	0	72						

Basketball

NBA Standings

EASTERN CONFERENCE	TEAM	W	L	Pct
1	Philadelphia	26	5	.840
2	New York	24	7	.774
3	Washington	23	8	.743
4	New York	21	10	.680
5	Atlanta	20	11	.645
6	Los Angeles	19	12	.613
7	San Antonio	18	13	.580
8	San Antonio	17	14	.548
9	San Antonio	16	15	.516
10	San Antonio	15	16	.484

WESTERN CONFERENCE	TEAM	W	L	Pct
1	Los Angeles	26	5	.840
2	New York	24	7	.774
3	Washington	23	8	.743
4	New York	21	10	.680
5	Atlanta	20	11	.645
6	Los Angeles	19	12	.613
7	San Antonio	18	13	.580
8	San Antonio	17	14	.548
9	San Antonio	16	15	.516
10	San Antonio	15	16	.484

1	San Francisco	5541	2092	3449	1278
2	Los Angeles	5338	2177	3328	1278
3	San Diego	5235	1928	3263	1278
4	Seattle	5184	2043	3264	1278
5	Denver	4992	2127	3166	1278
6	Minnesota	4977	2127	3280	1278
7	Philadelphia	4679	2147	3232	1278
8	Atlanta	4518	2158	3158	1278
9	Indianapolis	4399	2148	3299	1278
10	San Jose	4441	2138	3253	1278
11	San Francisco	4441	2138	3253	1278
12	San Francisco	4441	2138	3253	1278

Receivers	12-23 45-26, Fleming 4-19 10-14 24-31, Morris 14-14 2-18, Malone 4-16 4-15 16, Re-
ceivers	17-16-24 10-14 2-18, Tucker 10-14 2-18, 2-

ART BUCHWALD

Billion-Dollar Jurors

WASHINGTON—One of the more interesting legal judgments this year has been the verdict handed down by a Houston jury. Texaco behaved badly enough to have to cough up \$1 billion.

The question that many people are asking is how the jury arrived at the \$1-billion figure. Why not \$9 billion or \$15 billion?

I have a hunch that this is what happened. First, it was by no means a simple lawsuit. It involved charges of intrigue, double crossing, and many horrendous white-collar crimes that cannot be mentioned in a family newspaper. Suffice to say that Pennzoil had an agreement to purchase Getty Oil and Texaco moved in to sabotage the deal.

Thus, Pennzoil brought Texaco to court, where a jury of 12 humble citizens was asked to rule on a case that 95 percent of all the judges in Texas would have trouble understanding.

The jurors listened with rapt attention to the witnesses and read page upon page of evidence. They also had to bone up on antitrust law, petroleum law, punitive damages, merger and acquisition rulings and Robert's Rules of Order.

Finally, after hearing the complicated presentations of both sides, the jury retired to discuss the verdict.

The first juror rendered his opinion. "I've heard the evidence and I would just like to say one thing. Five years ago I drove into a Tex-

aco station and the attendant would not wipe my windshield. So I say we give the Pennzoil Co. \$1 billion."

A second juror said, "I tried to get air from a Texaco station for my bike when I was a kid and the man with the star told me to buzz off. Let's fine Texaco \$2 billion."

"The owner of a Texaco station in Louisiana wouldn't let me use the men's room because I didn't buy any gas. If that isn't worth a billion dollars I don't know what is."

Each juror had a different reason for raising the penalty. One happened to be a happy Pennzoil consumer. He said his family had been using their oil for years and found the quality outstanding. "It's so good you can drink it," he said.

Another juror soaked it to the defendant because the Texaco station near him closed at 9 P.M.

And the juror next to him insisted on raising the ante another billion because he said it might be the only chance in his life to give anyone a billion dollars.

The damages added up to \$12 billion. But the twelfth juror had not been heard from.

He stood up and said, "Aren't you ashamed of yourselves? You are all punishing Texaco for slight, real or imagined, committed against you. Our job is to judge the merits of the case. We have to ask ourselves, was Texaco guilty of dirty tricks, or are the Pennzoil people just a bunch of sore losers? Forget your personal vendettas and let justice be done. Let's have some charity in our hearts and not force a poor multinational to go begging at this time of year."

There were tears in many jurors' eyes after hearing the plea.

The foreman got up. "You are right. We were trying to get revenge when we should judge this case on the evidence. Let's start over again and decide what penalty to assess without rancor."

The foreman passed a pad around the room. Each person wrote a number on it. The paper came back to the foreman who said, "This is more like it. The final figure is \$10 billion."

The twelfth juror jumped up and said, "Hey, guys, you not make it \$11 billion, so we can get into the Guinness Book of World Records."

V. S. Pritchett, 85: A Man of Letters

By Joseph Lelyveld

LONDON—"I shall never be as old as I was between 20 and 30," V. S. Pritchett wrote when, having reached the reasonably ripe age of 70, he was starting to accustom himself to the notion that old age might be upon him.

That was a long time ago. Sir Victor, who was knighted at 75, turned 85 Monday. So the man who is regarded by many as Britain's finest literary critic—and who may well be both—was asked recently whether he still felt younger than he did when he was chronologically young.

"Yes, I wonder," he replied, and paused. Then: "I believe that's true. Yes, certainly, I would think that most people would feel that. I suppose I felt very old in adolescence, but I don't feel old nowadays. I'm in fact rather embarrassed by the people who say: 'How remarkable. You're 85 years of age.'"

In a room hung with paintings by his contemporaries, mostly landscapes, and dominated by a case full of exotic stuffed birds, the writer described himself as being "rather vain" about his age. But it turned out he was not talking about his longevity. Nor was he talking about his durability as a writer, which is doubly impressive—in that he is still read, still a literary presence, and in that he goes on, day after day, living the writer's life as he always has.

What made him "vain"—the word was instantly qualified by a hint of laughter—was the fact that at the end of each year, his age catches up with the century's. Thus he does not have to think twice to know how old he was when he and his wife, Dorothy, to whom he dedicates book after book—finally found a permanent abode, after many moves, in their late Regency town house near Regent's Park. It was 1977, so he was 57.

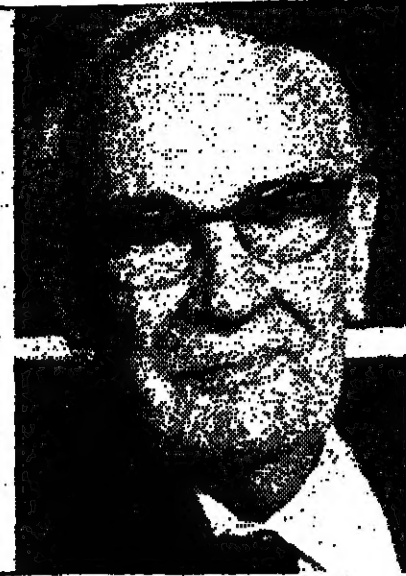
The routine he established then is the routine he still follows.

By 9 A.M., not excluding weekends, he has climbed the three flights to his study on the top floor, and by 9:20—he seldom allows himself more than that for the writer's inevitable evasions and rituals—he is writing, in longhand. Or rewriting, for he rarely lets a short story get away from him until it has gone through four or five drafts; in the case of critical pieces, maybe only three.

"I was fascinated about writing," he wrote in "Midnight Oil," his self-portrait of the artist as a young man; "the word and the sentence were my religion." They still are, only more so. "I suppose I rather work harder nowadays than I did," he said in a speculative tone, "because I get older I write more slowly, or get more dissatisfied." Between his two hypotheses, age and perfectionism, it was plain that only the latter had weight.

At about a quarter to one he breaks for lunch and allows himself a brief nap. He once distinguished between his two personas:

"I suppose I felt very old in adolescence, but I don't feel old nowadays. I'm in fact rather embarrassed by the people who say: 'How remarkable. You're 85 years of age.'"



Victor Hasselblad/Corbis Press

the writer, and his valet, "who does the living." In his role as valet, he does the household shopping after his nap, in nearby Camden Town. There he encounters members of what the novelist Margaret Drabble describes as "the extraordinary cast of ordinary people" who inhabit his stories. The valet is rewarded with a cup of tea, then the writer returns, ascending again to the top floor, where he works until about 7.

His 35th book has just appeared in Britain, a collection of literary essays that his publisher insisted on calling "A Man of Letters." He is inclined to disown the title because he thinks television and the joyless obscurantism that passes for literary criticism in universities have combined to render the term and occupation of a man of letters "totally out of date." Still, that is what he is.

His 36th book, a study of Chekhov, is in its final drafts. His preoccupation with the Russian master of the short story has kept him from writing short stories of his own for nearly two years. But his head, he said, is full of voices waiting to be attached to characters, characters looking for incidents, and unexploited incidents maybe from last month or maybe from his childhood—of stories waiting to be written.

Staying abreast of his century as he has, he has watched Britain's retreat from power—like most Britons, he believes—with no real regrets. It was hard for those who were trained to rule an empire, but he was a young man to France and Spain instead of Oxford or Cambridge—honorary doctorates are his only titles—and he was never one of those who felt the loss.

"There are people who had an enormous amount of intelligence and also had the great experience of how to manage power," he said.

"They knew the difference between confrontation and intrigue. They knew how to manipulate. They were very skillful. But for those who were outside it, it was pretty meaningless."

"Of course, we feel ourselves a very small country, and people do make fun of us. Gore Vidal, when he comes over here, always says, 'Tell me what life is like in Oslo now.'"

Pritchett laughed, then added appreciatively, "It's a very lightly insulting remark."

Britons two or three generations younger than he is still debate whether they are Europeans or what sort of Europeans they should be. It's an issue he resolved for himself more than six decades ago, when he first crossed the English Channel. "I'm tremendously European in my connections," he said. "Anything foreign interests me more than England does. I'm a natural European."

He walked across Spain before writing his first book, "Marching Spain," a work he now mentions with an affectionate wince. "I knew Spain from the bottom up," he said. "I could speak Spanish. When the civil war came, he knew the land too well to see it as a conflict of pure evil against pure good."

He was nominally a man of the left, writing much of his criticism for The New Statesman in its heyday, but he was never tempted to write a political article. Basically he did not like the way many leftists thought. "I just hate militants," he said.

He is entirely comfortable in Spanish and French but, though he knows no Russian, it is to 19th-century Russian literature that he has kept returning in recent years. It is a route that he sometimes found him home, as when, a few years ago, he found himself reading a now obscure novel by Sir Walter Scott, "St. Ronan's Well," after discovering that Turgenev had read it and liked it.

PEOPLE

Yevtushenko Speaks Out

The Soviet poet Yevgeny Yevtushenko, addressing a congress of Russian writers in Moscow, assailed censorship, self-flattery, distortion of history and privilege in the literary establishment in Russia—and was received with prolonged applause. Yevtushenko, 52, an honored member of the Soviet literary establishment, demanded that the Soviet leader, Mikhail S. Gorbachev, apply his much-heralded openness and candor to Soviet literature. "Today's long-awaited striving for change for the better in our country gives us profound hopes that self-flattery will be forever rejected, and that nonconformism will become the norm of civic behavior. We, men of letters, will not be worth a penny if we simply report and laud the social transformations taking place independently of us," he said.

Jack Lang, the French culture minister, attended a celebration in Strasbourg as scaffolding around the city's 765-year-old Notre Dame cathedral was dismantled for the first time after 40 years of restoration. The \$14.2-million project repaired structural damage and equipped the cathedral with subtle lighting to highlight the red and blue stone decorations, stained glass windows and gilded organ case. The restoration is not completed, however: Scaffolding will go up again in March to correct old repairs to the facade that were made with improperly matched stone.

The worker-identification law in Palm Beach, Florida, lampooned this year by Gary B. Trudeau's "Doonesbury" comic strip, is unconstitutional, U.S. District Judge Norman Rosenberg has ruled. The law, requiring blue-collar workers to be fingerprinted, photographed and pay a \$4 fee to carry identification cards while in the island town, was challenged two and a half years ago by Ignatius Wallace and Rosalind Vasa of West Palm Beach.

A crystal champagne bottle holding 18 liters (19 quarts) is being made in France to celebrate the 100th anniversary of the Statue of Liberty. The bottle, weighing 20 kilograms (44 pounds), is being made by the Compagnie Française du Cristal.

Called a Solomon, it holds the equivalent of four more bottles than the next largest champagne container, the nebulachezzer.

An exhibit of Impressionist and Post-Impressionist paintings from the Soviet Union that will go to Washington and Los Angeles will also travel to the Metropolitan Museum of Art in New York. Announced last week in Moscow, the 40 works from Leningrad, Hermitage and Moscow's Pushkin Museum of Fine Arts would be part of the first major art exchange under the new U.S.-Soviet cultural agreement.

A Swiss-American and two Italians have been named winners of the King Fahd International Prize for medicine, for research into diabetes. Dr. Albert E. Renold of Geneva, a naturalized U.S. citizen who researched diabetes at Harvard University, will share the prize with Dr. Lello Orci and Dr. Gian Franco Bottazzo. The King Fahd Foundation announced in Riyadh, Saudi Arabia, that the prize would be awarded to King Fahd International Prize for Islamic studies; Ahmed Haddad, chairman of the International Center for Spreading the Islamic Faith in South Africa; and Raja Jaraoui, a French philosopher who is a convert to Islam. Mohammed Bahgat Al-Athari of Iraq won the Arabic literature and Dr. Michael Berridge of England was named the science award winner for work on cell biology.

Pierre Cardin signed a protocol with the Soviet Union on Wednesday, under which two-yearly collections of his designer clothing will be made in Russia. Cardin said in Moscow that it was his "dream to dress up all the 280 million people" of the country but that he realized sales to about five million Russians over the next few years would be more realistic. The French designer will have a store in the Olympic Village area of Moscow, but said he did not know when it would open. Neither he nor his Grisenko, deputy minister for light industry, who signed the protocol, would estimate how much a Cardin dress would cost at the shop.

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